DTEK RENEWABLES B.V.

Annual Report

31 December 2022

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DIRECTORS' REPORT

Introduction

The Management Board of DTEK RENEWABLES B.V. (former DTEK RENEWABLES HOLDINGS B.V.) (the "Company") presents its report to disclose the results of the Company's operations for the year ended 31 December 2022 and likely future development of the Company.

Principal activities

DTEK RENEWABLES B.V. is a private limited liability company incorporated on 7 May 2021 under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.

In 2021, as part of an internal reorganization of the Renewables business, DTEK GROUP B.V. (former DTEK B.V., renamed on 11 May 2022) transferred DTEK RENEWABLES UKRAINE B.V. (former DTEK RENEWABLES B.V.), which consolidated all the renewables business in 2021, to DTEK RENEWABLES B.V.

DTEK RENEWABLES B.V. was incorporated on 7 May 2021 under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands, and is fully owned by DTEK GROUP B.V., which is the holding company of a vertically integrated power generating and distribution and gas production business of Joint Stock Company "System Capital Management Limited" ("SCM"). The ultimate parent is SCM Holdings Limited, Cyprus. SCM is ultimately controlled by Mr. Rinat Akhmetov who has a number of other business interests outside of the Company. Related party transactions are detailed in Note 7 of the Consolidated Financial Statements.

DTEK GROUP B.V. made a share premium contribution to the equity of the Company by means of 100% of it's shareholding in DTEK RENEWABLES UKRAINE B.V., a company which was fully owned by DTEK GROUP B.V. As a result of this reorganization transaction, DTEK RENEWABLES B.V. recognized share premium in the amount of UAH 15,930 million, which was determined at the net assets value of the investments contributed to the equity of DTEK RENEWABLES B.V. The retained earnings of the Group were reduced by the excess of the share premium of DTEK RENEWABLES over share premium of DTEK RENEWABLES UKRAINE B.V., presented as other reserves in the Consolidated Statement of Changes in Equity as of 1 January 2021. The Company's and its subsidiaries' (together referred to as "the Group" or "DTEK Renewables") principal activity is the production and sale of electricity generated at wind and solar power plants in Ukraine. Currently, DTEK Renewables and its subsidiaries produce and sell the electricity generated at wind and solar power plants in Ukraine and develop further projects for construction of wind and solar farms in Ukraine.

The Group consists of two sub-groups: DTEK RENEWABLES UKRAINE B.V. and DTEK RENEWABLES FINANCE B.V. The Group is divided into two sub-holdings to split the assets according to financing structures (separate the subs financed by the bank debt and the subs financed by the Eurobonds) and protect interests of each group of creditors.

DTEK Renewables is focused on achieving high quality of the work and on adherence to corporate standards, meeting its obligations, efficient use of natural resources and on protecting the environment.

The Company does not meet the legal criteria of a structure corporation as defined in Book 2 of the Dutch Civil Code.

Ownership of the Company, as well as legal structure of the Group and significant accounting policies are disclosed in Note 1 and Note 3 of the Consolidated Financial Statements.

The Group's business model, its most important categories of customers and suppliers

The Group develops and operates utility scale wind and solar energy projects in Ukraine and sells electricity produced by these power plants to Guaranteed Buyer SE, a state-owned entity functioning as the sole off-taker of electricity under the feed-in tariffs (FiT).

The Group purchases major components such as turbines, solar modules, inverters, cables, trackers, transformers and supervisory control and data collection systems by contracting with a diverse group of top-tier suppliers, which are highly recognised in the renewable energy industry. The Group selects suppliers based on a number of factors including expected cost, reliability, warranty coverage, availability and performance guarantees, ease of installation and other ancillary costs. The Group engages engineering services to control the construction process from reputable international technical advisors. The Group typically enters into master contractual arrangements with its major suppliers that define the general terms and conditions of its purchases, including warranties, product specifications, indemnities, delivery and other customary terms. The Group normally purchases solar module panels and certain plant components on an as-needed basis from its suppliers at the then prevailing prices pursuant to purchase orders issued under its master contractual arrangements.

Business overview

Financial position, financial performance and solvency

On 24 February 2022 Russian Federation started its military invasion of Ukraine (Notes 2, 3). Following this the government of Ukraine introduced a martial law throughout Ukraine. The full-scale Russian invasion led to the occupation of territories in the east and south of Ukraine including some plants of the Group. Namely, as of 31 December 2022, the following power plants were located on the territory temporarily not controlled by the Ukrainian government: DTEK PRYMORSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM-2 LLC, DTEK BOTIEVSKA WIND FARM LLC, DTEK ORLIVSKA WIND FARM LLC with nominal capacity of 500 MW or 53% from the total nominal capacity of the Group's production facilities at the beginning of the year. The Group assessed the impact of the full-scale invasion on its non-financial assets (Notes 8, 9, 10) and as a result recognized UAH 16,090 million of an impairment loss, including UAH 13,815 million in the consolidated income statement and UAH 2,275 million in the consolidated statement of comprehensive income.

Revenue of DTEK Renewables for the year ended 31 December 2022 was UAH 2,946 million and net loss was UAH 15,841 million (for the year ended 31 December 2021: revenue was UAH 7,741 million and net profit was UAH 4,443 million). The revenue decrease was driven by suspension of electricity generation of DTEK BOTIEVSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM-2 LLC, DTEK ORLIVSKA WIND FARM LLC and DTEK TRYFONIVSKA SOLAR FARM LLC in connection with the circumstances described in Notes 2 and 3 of the Consolidated Financial Statements.

As of 31 December 2022, the total assets of DTEK Renewables were UAH 26,331 million (as of 31 December 2021: UAH 45,034 million) and the equity attributable to the Company's owners was UAH 3,394 million (as of 31 December 2021: UAH 20,105 million). For the year ended 31 December 2022, the Group received positive net cash generated from operating activities in the amount of UAH 4,306 million (for the year ended 31 December 2021: UAH 4,655 million). As of 31 December 2022, current liabilities of DTEK Renewables exceeded its current assets by UAH 10,506 million (as of 31 December 2021: current liabilities exceeded current assets by UAH 418 million). The Group's debt to equity attributable to the Company's owners ratio as of 31 December 2022 reached 88/12 (31 December 2021: 45/55). The Group's total liabilities to total assets ratio as of 31 December 2022 reached 90.4% (31 December 2021: 55.0%).

Liquidity and capital resources

As of 31 December 2022, the Group`s current liquidity ratio stood at 0.54 (31 December 2021: 0.94), quick liquidity ratio – 0.16 (31 December 2021: 0.33). As of 31 December 2022, the net current liability occurred mainly due recognition of the borrowings as current liability due incompliance with covenants as in Note 3 of the Consolidated Financial Statements. The Group continues the negotiations with creditors to reach a solution for service the debts which are related to the wind plants on the territory temporary not controlled by the Ukrainian government and waive any breach of covenants.

Issued Capital and Capital Distributions

The authorised share capital of DTEK RENEWABLES B.V. equals to fully paid share capital and comprises 1,000 ordinary shares with a par value of EUR 1 per share in the total amount of Euro 1,000.

The Group did not declare dividends in 2022 but in the first half of 2022 the Group paid UAH 175 million of dividends out of the profit (2021: declared UAH 27 million and paid UAH 68 million). After payment of the Distribution, the Group will have sufficient funds to be able to continue to meet its obligations as they fall due. The current and future cash flows from operations deemed sufficient to operate the Group. There is no capital distribution scheduled in the near future and the result for the current period is retained within the Group.

Distribution process

The Group works under long-term power purchase agreements (PPAs) with Guaranteed Buyer SE, a state enterprise, at feed-in tariffs (FiT). As of 31 December 2022, the Group had PPAs for all its currently operating subsidiaries until 1 January 2030, which is the same duration of the Ukrainian fixed FiT regime. Pursuant to the Group's PPAs, initial tariff rates for wind and solar energy projects are determined under a fixed FiT denominated in Euro for each project.

Before the Russian invasion on 24 February 2022, the National Energy and Utilities Regulatory Commission adjusted the effective FiT on a quarterly basis to track the UAH/Euro exchange rate.

According to the resolution No. 363 of 31 March 2022, the National Energy and Utilities Regulatory Commission suspended adjusting the effective FiT to track the UAH/Euro exchange rate until the end of martial law. Thus, the feed-in tariff was fixed at the level set on 1 January 2022. As of 30 September 2022, the National Energy and Utilities Regulatory Commission reintroduced the FiT adjustment to track the UAH/Euro exchange rate from the 4th quarter 2022.

As of 31 December 2022 and 31 December 2021, the feed-in tariff for the Group's wind projects ranged from EUR 94 per MWh to EUR 113 per MWh. During 2022, the Group partly put into operation DTEK TILIGULSKA WEP LLC, which was granted FiT amounting to EUR 88 per MWh, thus, as of 31 December 2022, the feed-in tariff for the Group's wind projects was in the range of EUR 88 per MWh to EUR 113 per MWh. As of 31 December 2022 and 31 December 2021, for the Group's solar energy projects, the FiT was EUR 128 per MWh.

Financing activity

Financing activity is managed by the Finance Departments of the Group companies together with the Treasury Departments. DTEK Group's overall risk management policies are also applicable to the DTEK Renewables. These seek to minimise the potential adverse effects on Group's financial performance for those risks that are manageable, or noncore to the power generating business.

Financial risk management is carried out by Treasury Departments of the Group companies according to approved policies. The Treasury Departments identifies, evaluates and proposes risk management techniques to minimise these exposures. Additionally, the DTEK Group has developed a compliance function to monitor and analyse financial, reputation or legal risks connected with business activities.

Financial reporting, internal and external provision of information

The Group's Economics and Finance Departments are responsible for preparation of the Group's financial statements and various management reports. The financial statements of the Group are audited by an independent auditor. Key external stakeholders of the Group's financial statements are the Group's lenders, bondholders and rating agencies. Management reports are produced on a regular basis and include various financial and non-financial information to assist the Management Board in the decision-making process. The financial statements are submitted to Dutch Chamber of Commerce.

Financial risk management

Exposure of DTEK Renewables to different financial risks is disclosed in Note 26 to the accompanying Consolidated Financial Statements.

Principal Risks and Uncertainties

Ukrainian economy. Ukrainian economy has features inherent for emerging markets and its development is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment which changes rapidly.

On 24 February 2022, Russian forces commenced a full-scale invasion across the Ukrainian state, which had an impact on all areas of the Ukrainian life and economy. The territories of Kyiv, Chernihiv, Sumy, Kharkiv and part of Kherson regions were occupied at the beginning of the war, however, they were liberated subsequently. As of 31 December 2022, Crimea and the major parts of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation and active military actions are ongoing there.

As of 31 December 2022, the following wind farms were located on the territory temporary not controlled by the Ukrainian government: DTEK BOTIEVSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM LLC and DTEK PRYMORSKA WIND FARM-2 LLC. On 30 September 2022, the Russian Federation announced the illegal annexation of parts of the Ukrainian territory, which included the territory where the wind plants are located, which is not recognized by the Ukrainian government and the international community. DTEK NIKOPOLSKA SOLAR FARM LLC, with project capacity of 200MW, is located close to the territory with active military actions in the area under the Ukrainian State control. The plant continues to generate electricity. For the additional details of the war impact on the Group's assets and operations, refer to Note 3 of the Consolidated Financial Statements.

Ukrainian business located outside the main war zones started to show signs of recovery from April 2022. Since October 2022, Russia started to target with missile and combat drones energy infrastructure all over Ukraine, causing its destruction and lack of power supply, which results in scheduled and unscheduled power outages for both households and businesses. All these resulted in a decrease of GDP of Ukraine in 2022 by around 30.4% (2021: an increase of 3%) according to the report published by the Ministry of Economy of Ukraine. The situation remains tense, it has an impact not only on the Ukrainian but also on the international economy, and its further impact and duration are difficult to predict and quantify.

The National Bank of Ukraine ("NBU") follows an interest rate policy consistent with inflation targets. The inflation rate in Ukraine for 2022 stood at 26.6% (2021: 10.0%) according to the statistics published by the State Statistics Service of Ukraine. An increase in inflation in 2022 led the NBU to begin monetary tightening and increase its key policy rate from 10% effective from 20 January 2022 to 25% effective from 3 June 2022.

As of 24 February 2022, the Hryvnia exchange rate was effectively fixed at UAH 29.25 per USD 1 (as compared to UAH 27.28 per USD 1 as of 31 December 2021) on the FX market to ensure the sound and stable operation of the country's financial system. From 21 July 2022, the Hryvnia exchange rate was adjusted to UAH 36.57 per USD 1, and it has been fixed at that level until signing these financial statements.

In order to constrain price increases in Ukraine, as well as to keep inflation under control, the NBU was forced not only to fix the USD exchange rate, but also introduced a number of administrative restrictions, in particular on foreign exchange transactions and capital movements including restrictions on interest and dividends payments to abroad in foreign currencies. Due to all these restrictions, UAH lacks exchangeability and is not freely convertible to hard currencies.

The yield to maturity ("YtM") on Ukrainian Government's Eurobonds increased to 63.4% (for a 5-year maturity instruments as of 31 December 2022) from 8.9% as of 31 December 2021. At the same time, the domestic Ukrainian sovereign bonds in UAH (for a 5-year maturity) were traded with the yields of 22% as of 31 December 2022. In August 2022, Ukraine's creditors agreed two-year standstill on all its Eurobonds, which allowed the Group to defer nearly USD 6 billion of scheduled repayments. Foreign currency reserves that, as of 31 December 2021, were at the highest level since 2011 started to be gradually utilised from January 2022. However, due to the inflow of international aid, currency reserves exceeded the pre-war level as of 31 December 2022. From the start of the war, the Ukrainian budget experiences a significant deficit, which was financed by national and international borrowings and grants. Since the beginning of the full-scale invasion by Russia and till 31 December 2022, the total amount of funds received by Ukraine from international partners amounted to USD 31.2 billion (UAH 1,046 billion), out of which 45% were in the grant format. International support is crucially important for Ukraine's ability to continue fighting against the aggression and funding the budget deficit and on-going debt repayments.

Industry-related developments

Electricity market. The Ukrainian electricity market provides various mechanisms for the purchase and sale of electricity, namely direct contracts, a day-ahead market, an intraday market, a balancing market and an auxiliary services market. The direct contracts market represents the sale of electricity based on bilateral agreements concluded for up to one year. The day-ahead market and the intraday market are electricity sales with a coverage period of the next day, in which all transactions are conducted on the platform of the State Enterprise "Market Operator". Pricing on the day ahead market is based on a supply and demand, limited by price-caps (the maximum price for electricity on the market set by the National Energy and Utilities Regulatory Commission). The balancing market is a market of deviations of the actual hourly production and consumption of electricity from the planned trading schedule and together with the auxiliary services markets were established to ensure sufficient amounts of electricity needed for the real-time balancing of electricity production and import/export, congestion management in the Integrated Power System ("IPS") of Ukraine, as well as financial settlement of electricity imbalances.

There are next sources which are expected to be used for settlements with renewable energy sources (RES) producers for generated electricity: (1) revenue of Guaranteed Buyer SE for electricity sales in the market segments, (2) transmitting tariff of Ukrenergo NPC and (3) 50% of export revenues of transmission system operators.

The full-scale Russian invasion of Ukraine brought immense challenges for the Ukrainian Energy System. During the first months of the war, up to 13 million people fled the country or moved to the safer regions, some businesses stopped production, which, combined with network damages, reduced energy consumption by 30%. A large number of power plants are located in the temporary occupied territories, including Zaporizhzhia Nuclear Power Plant (the largest nuclear energy plant in Europe) and the vast majority of RES power plants. According to the Ministry of Energy of Ukraine, 90% of wind power plants (WPP) and up to 60% of solar power plants (SPP) are located in the territory of active military actions. Consequently, SPP generation decreased by 40% and WPP generation decreased by 67%, compared to the same period in 2021.

Before the Russian invasion on 24 February 2022, the National Energy and Utilities Regulatory Commission (the NEURC) adjusted the effective FiT on a quarterly basis to track the UAH/Euro exchange rate. According to the resolution No. 363 of 31 March 2022, the National Energy and Utilities Regulatory Commission suspended adjusting the effective FiT to track the UAH/Euro exchange rate until the end of martial law and fixed at the level set on 1 January 2022. As of 30 September 2022, the National Energy and Utilities Regulatory Commission reintroduced the FiT adjustment to track the UAH/Euro exchange rate from the 4th quarter 2022.

In the martial law regime, the Ministry of Energy reduced the level of payments to renewable energy generators with the actual level of payments being 15-17% from the monthly electricity sales. In June 2022, the Ministry of Energy established a new procedure for the distribution of funds for electricity producers from renewable sources for the period of martial law which entered into force since 5 July 2022. According to this procedure, the minimum payment level for RES electricity generation was set at the level of 18% from actual monthly sales until the end of martial law in Ukraine. The funds remaining after distribution of the minimum payment level will be used by Guaranteed Buyer SE for further repayment to RES producers proportionally to the amounts owed to them for the generated electricity. During the period of March-December 2022, the actual level of settlement increased from 17% in March 2022 to 84% in December 2022 with the average level for the whole 2022 at 64% from monthly nominal sales amounts. On 19 August 2022, Verkhovna Rada of Ukraine made changes to the Law "On Electricity Market". In accordance with the law, by the end of 2022, cash of Ukrenergo NPC which was received form auctions for the access to cross-border capacity to electricity producers could be used to pay off accumulated debts to RES producers. Previously, the income from auctions could be used only for the development of cross-border networks. In September-October 2022, UAH 807 million of Guaranteed Buyer's debt to the Group was repaid from this source of income.

Starting from 16 March 2022, the Ukrainian power system has been operating synchronously with the European continental network ENTSO-E and is now a part of the European energy space. Commercial electricity exchanges with the Ukraine/Moldova power system started on 30 June 2022 on the interconnection between Ukraine and Romania, followed by the Ukraine-Slovakia interconnection on 7 July 2022. On 28 July 2022, the Transmission System Operators (TSOs) of Continental Europe agreed to increase the trade capacity with Ukraine/Moldova to 250 MW, which is more than double the capacity that was set at the initial phase (100 MW). On 5 September, ENTSO-E increased the available capacity to 300 MW only during the hours of peak consumption, and on 23 September 2022, the capacity was increased by 50 MW during night hours. In October 2022, ENTSO-E announced a decision to increase commercial exchanges between Ukraine and Europe: up to 400 MW for export and up to 500 MW for import.

The potential consequences of increasing electricity exports to European countries are as follows:

- Ability to provide additional liquidity in the electricity market and obtain considerable additional profits.
- Electricity supply from Ukraine will significantly strengthen energy security in Central and Eastern Europe as well as will help to stabilise the price which now is 2-3 times higher than in Ukraine. At the same time, electricity supply from Ukraine could cover some of the electricity consumption in the EU countries and reduce their dependency on the Russian Federation's energy resources supply.

Since January 2021, the NEURC has approved a new formula for calculating imbalances for electricity producers with renewable energy sources. The new formula for calculating imbalances included the deficiencies of Guaranteed Buyer's trading strategy, which led to an increase in the amounts of imbalances of RES producers. On 8 September 2022, the Supreme Court of Ukraine invalidated the formula for calculating imbalances, which came into force in January 2021. According to the court decision, calculations of imbalances should be made using the formula that was in force until January 2021. Since the new form for calculating imbalances was not approved by the National Commission for State Regulation of Energy and Public Utilities, Guaranteed Buyer SE stopped issuing acts on imbalances until clarifications were received and the new formula was approved. Starting from September 2022, the Group accrues imbalance expenses on an accrual basis, according to the formula which was in force until January 2021.

Since October 2022, the Russian Federation launched numerous massive missile strikes on the territory of Ukraine and damaged energy infrastructure facilities, which led to an imbalance in the energy system and the temporary suspension of electricity export. Currently, the system has been balanced, but the energy structure remains vulnerable to this kind of attacks. In April 2023 the Ministry of Energy allowed the restoring of electricity exports in conditions of surplus generating capacity.

Going concern. As of 31 December 2022, the Group had net current liabilities of UAH 10,506 million (31 December 2021: net current liabilities of UAH 418 million) and recorded a net loss of UAH 15,841 million for the year ended 31 December 2022 (for the year ended 31 December 2021: net profit of UAH 4,443 million). For the year ended 31 December 2022, the Group received positive cash flows generated from operating activities in the amount of UAH 4,306 million (for the year ended 31 December 2021: UAH 4,655 million). The significant loss was mainly due to the following: accrual of an impairment allowance for non-financial assets, which was caused by the invasion of Russia (Notes 2 and 8); recognition of the financial component (Note 4) related to the receivables of Guaranteed Buyer SE and Ukrenergo NPC. As of 31 December 2022, the net current liability arose mainly from the reclassification of borrowings to current liabilities due to certain non-compliance with the covenants, and other events of default which are explained in the next paragraphs.

As discussed in Note 17 of the Consolidated Financial Statements the Group was in breach of certain financial and non-financial terms of the bank and non-bank debts with a nominal principal amount and interests accrued of EUR 244 million (or equivalent of UAH 9,496 million at UAH/EUR exchange rate effective on 31 December 2022) and these debts have become due on demand.

Also, despite none of the bank and non-bank creditors claimed for acceleration of the debts and there has been no breaches on Green bonds themselves, these were also classified as current due to the cross-acceleration provisions in the Green bonds documentation. In September 2022, the Group received consent from the bondholders (Note 17), which waives the bondholders' right to claim on certain events of default apart the non-payment under the Bonds while the martial law is in effect in Ukraine. As the martial law and therefore consent was ruled to cease within 12 months from reporting date, the Bonds were classified as current. The Group continues the negotiations with bank creditors to reach a solution to service the debts which are related to the wind plants on the territory temporary not controlled by the Ukrainian government. The current situation is a complex problem related to the political situation in the world. The management assumes that creditors will consider that DTEK Group is one of the largest energy holdings in the country at war. Taking into account the improvement in the payment discipline of Guaranteed Buyer during 2022 (both debts for current electricity supplies and repayment of accumulated debts), the Group's desire to be a reliable partner and repayment of most of the obligations to creditors, as well as the worldwide support of Ukraine against unprovoked Russian aggression, management expects that a compromise will be reached in the negotiations.

With regards to the Green bonds of the Group, their maturity is on 11 November 2024 and management intends to evaluate redemption options for the bonds (including but not limited refinancing option) closer to the maturity date.

At the signing date of these consolidated financial statements, none of the Group's creditors demanded for accelerated repayments and the Group has received no indication that the lenders intend to exercise their right to accelerate the facilities.

There is a significant uncertainty over the future development of the Russian military invasion, its duration and short and long-term impact on the Group, its people, operations, liquidity, and assets. There could be multiple scenarios of further developments of the current situation with unknown likelihood and the magnitude of the impact on the Group might vary from significant to severe. Some of these could be negatively affecting the ability of the Group's assets located on the territory controlled by Ukrainian government to generate sufficient operating cash flows to serve the Group's debts attached to them because of either a direct physical damage, or through decreased level of settlements by Guaranteed Buyer SE and Ukrenergo NPC for the electricity sold and compensation for the curtailment of electricity generation. Similarly, the moratorium for cross-border debt and capital repayments imposed by National Bank of Ukraine, if not amended/released, could bring additional complexities with ability of the Group to settle its debts abroad.

Management is now taking measures to ensure security of assets and their operations, and minimize operating costs, including payroll, to optimize cash flows. Management prepared a cash flow forecast until the end of June 2024.

The management's cash flow forecast from January 2023 till June 2024 assumes:

- Only the solar and wind power plants located on the territory under control of the Ukrainian government continue producing electricity.
- Management expects the level of payments from Guaranteed Buyer SE to be in the range of 64% to 100% from month to month from the electricity sales. The annual average level of settlements in the forecast period is expected in the amount of 87%, being the reflection of anticipated increase in electricity prices in day-ahead market (DAM) and bilateral agreements prices in 2023, the increase in the transmission tariff, improved settlements to customers by Ukrenergo NPC and reopening of electricity export from Ukraine.
- The creditors will not demand the accelerated payments, and bank and non-bank creditors will agree to waive the breaches of the covenants and revise the terms of payment on existing debts.
- The debts due to parties under common control of DTEK GROUP B.V. will not be claimed for payment earlier than the contractual maturity. As of 31 December 2022, the maturity of borrowings from related parties were in the range of 2025 to 2027.
- The Group currently assesses that it will be able to arrange settlements of debt abroad and comply with currency control restrictions.

The operating cash flows together with the existing cash available as of the date of signing of these financial statements are sufficient to cover the operating costs in the projection period and serve the debts related to non-occupied plants. As of the date of these financial statements, the NBU restrictions remain in force, there is uncertainty as to when the NBU restrictions will be released or management will be able to realise a mechanism to execute the payment on debts abroad.

While having sufficient operating cash flow for running of operations, the Group heavily relies on the willingness of the bank and non-bank creditors and related parties do not demand the accelerated payments or act upon existing defaults. In this scenario, the Group has sufficient liquidity to continue as a going concern. However, in any other scenario, including if the current military situation negatively develops, the Group may not be able to meet its obligations in the future, which could increase the risk of not meeting management's cash flow assumptions.

Management acknowledges that future development of military actions and their duration, the ability to negotiate with the lenders to defer debt payments, and receive waivers for the periods when the Group has covenant breaches and payment defaults and revise the terms of payments on the debts to fit the operating cash flows, as well as a dependency on the NBU to release restrictions, represent material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite these material uncertainties, management is continuing operations and taking actions to minimise the impact of these developments on the Group and thus concludes that application of the going concern assumption for the preparation of these consolidated financial statements is appropriate.

Risk Management Framework

Risk management function is performed on the Group's level as well as on the level of production units. Risk management approaches are the same for all units (unified process of management by risk and opportunity, unified insurance principles).

In order to mitigate and minimise the principal risks and uncertainties, the Group implemented Internal Control and Risk Management system which is based mainly on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. It is fully integrated into strategic and operational planning, including, but not limited to, business planning and budgeting processes, investment projects, etc. The risk management function covers all levels of business and production units (risk managers and coordinators). Risk management approach and processes are unified across all units, iterative bottom-up and top-down approaches are in place for identification and assessment of risks and opportunities, and three-lines of defence principle is used. The COSO framework is designed in a way to help management in the achievement of its objectives, namely, to enable effectiveness and efficiency of controls in the key business processes (purchases, sales, capex etc.) and operations, and to ensure reliability of financial reports and compliance with applicable laws and regulations.

For the identified risks deemed to be material, comprehensive mitigating action plans are developed and reviewed on a regular basis to ensure that the risk levels remain at acceptable levels. Management is kept informed via regular risk reports and understands how risks influence the achievement of business targets, so management's decisions are made based on existing/potential risks and opportunities. DTEK Renewables implemented necessary internal controls into the business processes based on performed risk assessments. The primary objective in setting up an internal control system is to ensure the reliability of DTEK Renewables' financial information (statements) to meet the Company`s goals and to attain compliance with applicable laws. Preference is given to automated controls that are embedded into IT systems. DTEK Renewables makes use of insurance programs to safeguard its most critical assets and activities from low-probability/high-impact risks.

The Group has adopted policies and procedures for ensuring the accuracy and completeness of accounting records and the timely preparation of reliable financial disclosures. IFRS departments of the Group review the financial statements of the Group's entities on a monthly basis. Annual and semi-annual financial information is reviewed by DTEK Audit Committee, semi-annual information is reviewed and annual information is audited by the external independent auditor. The financial statements are submitted to Dutch Chamber of Commerce.

For all the risk categories within the Group's risk management framework, the Group's management takes required actions to minimize risks' influences. Prior to investing into new projects, management is to ensure that the regulatory framework is clear and transparent, namely in feed-in tariffs awarding process, shareholders equity to be invested in projects under development is available and debt capital required to fund a portion of capital expenditures is accessible.

During 2022, the Group considered the managing of the following main risks:

Strategy risks:

- Risk of continued occupation of the territory of Ukraine;
- Deterioration of economic conditions in Ukraine and on the electricity market;
- Risk of decreasing or cancellation of feed-in-tariffs.

Political and geopolitical risks:

- Military full-scale invasion of Russian Federation across the Ukrainian state, which had an impact on all areas of the Ukrainian economy.

Financial risks:

- Devaluation of Hryvnia during the year more than anticipated in the Group's macroeconomic forecast, which might have impacted the Group's financial covenants.

Financial reporting risk

- The Group has adopted policies and procedures for ensuring the accuracy and completeness of accounting records and the timely preparation of reliable financial disclosures. IFRS Departments of the Group review the financial statements of the Group's entities and prepares consolidated information on a monthly basis. Semi-annual and annual financial information is reviewed by DTEK Audit Committee and is audited by the external independent auditor. The financial statements are submitted to Dutch Chamber of Commerce.

Reputational Risks:

- DTEK Renewables actively manages reputational risks, performs regular assessment of the reputation, changes in the social climate both in the internal and external environment. DTEK Renewables executes proactive and reactive communications at the local and international levels in order to minimize the impact of any reputational risks.

Corporate Governance and Compliance Risks:

- In order to manage compliance risks, DTEK Renewables follows restrictions of current sanction regimes and acts in accordance with the international legislation, execute KYC procedures and compliance checks while working with its counterparties. DTEK Renewables also implements anti-corruption and anti-bribery programs, the Compliance Policy, Code of Ethics & Business Conduct, Regulation on implementation of the Code of Ethics & Business Conduct, regularly provides employees with appropriate compliance trainings and monitors the internal compliance rules being in place.

Operational risks:

General operational risks:

- Potential impact of accidents and incidents;
- Liquidity risk due to problems of the general Energy Market, particularly a low level of payments by the State Enterprise "Guaranteed Buyer" to renewable energy producers for supplied electricity and non-payment of compensation for curtailments by the PJSC "NATIONAL POWER COMPANY" UKRENERGO;
- Damage risk for production equipment due to military actions.

Human resources' risks:

- Considering the political and economic instability in Ukraine, the Group faces risks associated with the shortage of qualified specialists, also due to migration aboard. The Group manages these risks by creating a motivation and educational system, and also by proactive communications with all parties involved.

- Risk of threat to the health and life of personnel as a result of military actions. In order to ensure the safety of operating personnel and ensure an uninterrupted technological process after the outbreak of hostilities, the possibility of a long stay of personnel at the WPP / SPP and their families was organized. Resting places have been organized, a supply of water, food, fuel has been purchased, mobile shelters have been equipped.

General legal risks:

- DTEK Renewables faces a number of legal risks from all of its operational activities. The Group manages these risks via efficient administration of contracts with counterparties, analysis and applying proper legal practices, and defending its interests in courts.

IT risks:

- Technical malfunction, virus attacks, data loss or downtime of IT systems can have a significant negative impact on the DTEK Renewables's activities, taking into account a high level of integration of information and communication systems into the DTEK Renewables's business processes. The following tools were implemented in order to manage these risks: control over unauthorized software (SCCM, etc.), the Intrusion Prevention System (IPS), DLP policies, the MDM system, group policies of the EMET tool, antivirus control, anti-SPAM systems.

Fraud risks:

- Fraudulent activities by employees and the bypassing of internal control procedures could result in an adverse impact on commercial operations and reputational damage. To mitigate such risks, the Group have further improved its internal control framework, which includes a strict Code of Conduct. In addition, the Group maintain a zero-tolerance policy with regard to fraudulent behaviour and maintain a strong 'tone-at-the-top' so as to serve an example across the organisations. With the further automation of administrative processes, the Group continue to mitigate risks in manual processes. Furthermore, a whistle-blower hotline is in place for which any incidents are closely monitored and independently followed up. Fraud cases, if any, are reported to the Audit Committee. During the reporting period, there were no reported or confirmed cases of fraud or corruption violations.

The Group is in process of risk appetite assessment for the identified risk due to current uncertainties with situation in Ukraine. At the same time the Group is constantly monitoring the situation and performed required actions to minimize the negative impact of the risks on the Group's and Company's activities.

Sustainable development

Social responsibility and commitment to the principles of sustainable development are key values and an integral part of the ESG-strategy of the Group. That is why DTEK Renewables invests significant funds into improving the safety, efficiency and environmental friendliness of its enterprises, labour protection, health improvement and professional development of employees, the development of local communities and improving the quality of life of people in the regions of its activity. The Group systematically develops its activities in the field of sustainable development, guided by the principles of the ESG and the UN Sustainable Development Goals (12 of 17), and strives to work in accordance with international standards for sustainable development. DTEK Renewables significantly improved its performance indicators in the field of environment, social policy and corporate governance. Performance has been evaluated by the Sustainalytics, a global leader in providing high-quality, best-in-class analytical environmental, social and governance (ESG) research, ratings and data. In 2021 the multi-dimensional Risk Ratings score for DTEK Group was 26.6 in 2021. Compared to last year, DTEK Group improved its rating by 3.3 points and ranked 36th in the world among 214 energy companies, which activities were analysed.

Additionally, before 2022 the benchmarking exercise was performed by international consultant Anthesis and evaluates the TCFD maturity of DTEK Group including climate-related risks and its European peers, i.e. Enel, Engie, Iberdrola, EDF, E ON. Through Russian hostility the project was suspended.

The practice of responsible financing is aimed at an integrated and balanced approach to business development and the observance of the interests of the community. The Group being one of the biggest national employer and a social investor, participates in the socio-economic development of the regions in which it operates. Socially responsible investment in partnership with local communities is a prerequisite for the operations of the Group companies. The Group companies implement social networks, which are aimed at involving and uniting the population to solve the problems of the community development and improve the quality of life.

The Group is a member of the UN Global Compact Network and in its activities follows the principles and goals of sustainable development proclaimed by the UN. DTEK Renewables strives to protect the environment, improve production and management processes, and invest in environmental activities in all areas of its enterprises. Environmental activities are an integral part of the Group's successful business and are based on DTEK Group's Environmental Policy, developed in accordance with the international standard ISO 14001: 2015. Unconditional priority of the Group's activities is the conduct of ethical, legal and open business. DTEK Renewables openly declares its anti-corruption standards and adheres to the principle of zero tolerance for corruption.

Interaction with stakeholders is an important component of sustainable development. DTEK Renewables adheres to the principle of information transparency and provides stakeholders with full information about its activities. Partnerships and constructive dialogue are conducted on a systematic basis, which allows timely receipt of information about the interests and expectations of stakeholders.

Sustainability Governance structure of DTEK Renewables presented by Executive Management of Operating Companies (implementation of the group's ESG Strategy initiatives; organization and controlling of departments responsible for implementation of environmental management system, contribution of business operations to the sustainable development of areas of presence, personnel management, including labour protection and industrial safety questions; preparation of comprehensive analysis data for decision making based on the collected information).

Carbon neutrality goals

DTEK Group and Ukraine, as a state, have declared their goals to decarbonize and to do everything possible for achieving the goals of green and prosperous continent in a predictable future as the members of Power Past Coal Alliance (PPCA) from 2021. DTEK Group was a partner of setting up the very first Ukraine pavilion in the history of COP27, the main annual world event dedicated to the fight against climate change where the group's CEO stressed that despite the war and significant destruction of the energy facilities, DTEK Renewables is not giving up on its plans to achieve carbon neutrality by 2040.

In 2020, the DTEK Renewables began implementing the New 2030 Strategy, driving our priorities: to transform into a more eco-friendly, efficient and technological business. Our strategy is based on the ESG (Environmental, Social and Governance) principles, as well as ethical business values and the desire to meet the urgent needs of society. We are also taking into account the global energy sector trends and Ukraine's development. The combination of these factors has allowed us to set the ambitious new goal of becoming carbon neutral by 2040. The Group's goal of achieving carbon neutrality in 2040 will make a significant contribution to the goal announced by the Ukrainian government: to reduce greenhouse gas emissions to 65% of 1990 by 2030 and become a carbon-neutral country by 2060.

DTEK Group is devoting considerable resources to mitigating its carbon footprint across all stages of the production process. Production facilities are being systematically upgraded to maintain the ecological balance and to ensure the reliability of production as well as compliance with EU environmental standards. Currently, DTEK Group onset the internal project D.Carb aiming to evaluate its carbon footprint according to GHG protocol and to analyse the potential measures of cutting and mitigate one. Despite Russian hostilities DTEK provides its business activities with compliance previously adopted policies including Environmental Policy approved by the top management in May 2017 with due regard to the requirements of the international standard ISO 14001:2015 and Company's Ecology Strategy that was adopted in 2021 and based on the principles of recycling and green development with focus on environment protection and climate change.

For more than a year DTEK Renewables is holding the energy front in the country at war, not only supplying light and heat to Ukrainians and industry but also developing and investing into decarbonization of state. In addition, DTEK Renewables remained the biggest private investor to RES and repeatedly called for international private companies not to be afraid and invest into Ukrainian renewables sector illustrating by its example that such investment has been possible even amid war. DTEK Renewables is developing renewables business streams to mitigate the carbon footprint and make a hefty contribution to the fight against climate change. DTEK Renewables is stepping up renewable energy output and implementing programs and efforts to boost energy efficiency.

Climate change risks and impact

The Group is facing climate-related opportunities arising from the transition to a low-carbon and climate-proof economy and implement the solutions to decrease the negative effect of climate crisis through development and operation of wind and solar power generation.

The physical risks related to company assets are mitigated by insuring assets and by investing in upgrades of distribution networks. Risks of volatility in renewables generation is approached by geographical diversification within Ukraine.

The impact of global climate change on surface wind speeds is an active area of research and currently near-surface wind speeds are extremely difficult to predict. Numerous global simulations, including the CMIP5 climate model employed by World bank, indicate small but generally positive impacts of climate change on mean photovoltaic potential production over Europe. The Group monitors developments in the areas of modelling impact of climate change on wind and solar production. Management assessed the overall impact of climate change on Group's operations as not material.

The war of Russia in Ukraine illustrated to what extent the energy sector is important for the security and sustainable peace of the continent. This shows us that the ambitious climate goals cannot be rejected but quite the contrary it must be achieved faster. Therefore, despite full-scale war DTEK Renewables continue investing in the RES in Ukraine and beyond, expanding the energy storage project in Western Ukraine and developing hydrogen initiatives. We consider renewable projects to be a cornerstone of derussification of fossil fuels supplies in Europe and a chance to decarbonize sooner and with more benefits for the continent. Ukraine's energy infrastructure plat could serve as a basis for piloting global solutions on turning fossil-fuelled generation capacities into resilient, climate-friendly technological solutions leading European continent and the world to achieve global climate neutrality goals.

Environmental impact

DTEK Renewables activities are not tightly connected with production cycles impacting the environment heavily, although compliance with high ecological standards is a crucial point for the business development of the Group. The Group complies with national and regional environmental laws and regulations.

During 2022, the Group generated 881 GWh that equal to estimated CO2 avoided on the level 937 thousand tCO2eq (2021: 2,117 GWh and 2,250 thousand tCO2eq respectively).

Estimated CO2 avoided (tCO2eq) calculated as amount of the actual electricity generated multiplied by the coefficient of weighted CO2 emissions of thermal power stations in Ukraine 1,063 kg CO2/kWh established by State Environmental Investment Agency of Ukraine.

More information can be found on the website of the DTEK Group including sustainability framework.

Research and Development Costs

During 2022, the Group was not involved into any activities concerning research and development.

Automation

The general management and operation of the constructed projects are performed by the Group's in-house team, while equipment service and maintenance are typically outsourced to the original equipment manufacturer or specialized service companies. High degree of automation introduced at the Group production facilities gave a possibility to establish control rooms to monitor the Group's portfolio of constructed projects at all times. Currently, the Group aims to enhance automation in its administrative support function where it is possible.

Human resources

DTEK Renewables considers any form of discrimination to be unacceptable. DTEK Renewables has joined initiatives aimed at promoting equal rights and possibilities of access to work and services for vulnerable social groups, notably based on their disability, age, gender and other aspects.

In 2022, the Group's average number of employees was 209 people (2021: 227 people). To ensure continuous development of employees, in 2010, DTEK Group launched its corporate university – Academy DTEK.

The open innovative educational ecosystem of the Academy DTEK ensures the personalized development of DTEK employees, representatives of business, society and the state throughout their lives. Academy DTEK aims at:

- creating a technology platform as the basis for a new training ecosystem;
- creating new quality educational products;
- updating and modernising the existing product portfolio;
- improving innovative and customer-oriented corporate culture of the business.

A strategic goal of Academy DTEK is to become a leader in the adult education market as part of the life-long learning concept. Academy DTEK expands international cooperation and is a member of international associations, such as CEEMAN, EFMD bringing the world's best education practices to Ukraine. Academy DTEK works in partnerships with top international business schools and professional associations: INSEAD, IE Business School, LBS, ACCA, Coursera and is an official partner of the certification institute HRCI (Human Resources Certification Institute). DTEK Academy implements training programs for public sector, contributing to the education system reform in Ukraine. For this activity, Academy DTEK was recognized as the best Corporate University in the world in corporate and social responsibility in 2019. Academy DTEK is the first organization in Ukraine that approved professional standards for 64 working professions at the state level.

DTEK Renewables pays significant attention to the healthcare issues by providing all employees with access to timely and high-quality medical assistance.

- implementation of Health & Recreation programs for the employees and their family members;
- enforcing our occupational safety measures and promotion of healthy lifestyle and responsible attitude to health.

DTEK Renewables enables full employment and decent work for all employees and ensures reliable and safe labour conditions.

Code of Ethics

The DTEK Group has a Code of Ethics developed and approved in 2011 with changes introduced in 2014. It is mandatory for all the Group entities and prescribes the key principles that the Group follows in its operations, including relationship with its employees, counterparties, state authorities and non-governmental and public authorities, responsibility for all activities the Group performs, conflicts of interests etc. The Code is available on the DTEK Group's official website. No significant incompliances were detected nor communicated through the website or revealed by management during 2021 and 2022.

Gender diversity

The Group strives to get the best applicable persons in the Management Board irrespective of the gender or ethnical origin.

As of 31 December 2022, the Management Board consists of two males and a legal entity represented by two females (as of 31 December 2022: one male and a legal entity represented by two females). As of 31 December 2022 and 31 December 2021, the Supervisory Board consists of one female and four male.

The Gender Diversity Act, which entered into force on 1 January 2022 requires 'large' Dutch companies to set appropriate and ambitious targets for gender diversity in its Management Board, Supervisory board and senior management. The estimated DTEK Renewables' goal is to ensure at least 30% of the presence of female/male in management bodies by 2030. At this moment, the composition of the Management Board complies with the targets, while the composition of the Supervisory Board and senior management does not.

As of 31 December 2022, 50% of Management Board was female (according to the target) while for Supervisory board it is 20% (below target).

The goal set for diversity will be taken into consideration when there are vacancies in the Management or Supervisory Boards. Selection of members of the Management Board and Supervisory Board will continue to be based on experience, background, skills, knowledge and insights, with due regard to the importance of gender diversity.

Future Developments

Further development of wind and solar power generation through maximum use of the opportunity arising from the transition to a low-carbon and climate-proof economy and the sector expertise accumulated during the construction of 950 MW assets portfolio which was finalized during 2018-2019.

The Group is planned for 2023 and further year to prepare of the project portfolio for sustainable development in the Ukrainian market.

As part of the strategic objective of the Group expansion for renewable energy segments generation, the following is planned:

- Capture opportunities on supplying "green" and "low-carbon" energy to Europe following synchronization with ENTSO-E and further market and regulatory integration of Ukraine into the EU.
- Resume implementation of renewable energy projects in Ukraine after the end of the war considering various options for construction of renewable energy power stations.

Taking into account uncertainties in the year 2023, the Group will focus on the following key areas:

- Safeguard constructed stations and key personnel for post-war reconstruction and development;
- Support reforms in the energy sector aimed at further market liberalisation;
- Maintain liquidity through driving power generation output.

There were no special events which have influenced the future development of the Company and the Group.

Post balance sheet events

There are no other special events that should be taken into account for the financial statements except for the developments after the balance sheet date that are disclosed in the Note 29 of the of the accompanying consolidated financial statements.

Signed by entire Management Board, 26 May 2023

SCM Management B.V.

____
Mr. Oleksandr Kucherenko
Director

____
By: Ms. Nataliya Muktan
Title: Director

____
Mr. Oleksandr Selyshchev
Chairman

____
By: Ms. Eliza Desiree den Aantrekker
Title: Director

Consolidated Financial Statements

31 December 2022

In millions of Ukrainian Hryvnia	**Notes**	**31 December 2022**	**31 December 2021**
ASSETS			
Non-current assets			
Property, plant and equipment	8	11,102	25,487
Prepayments for property, plant and equipment	8	44	6,166
Intangible assets	9	126	189
Financial investments	11	2	1,281
Loans receivable	12	17	5,030
Trade and other receivables	14	497	-
Deferred income tax assets	24	1	9
Income tax prepaid		109	108
Other non-current assets	10	477	640
Total non-current assets		**12,375**	**38,910**
Current assets			
Inventories		11	46
Financial investments	11	192	-
Loans receivable	12	2,988	61
Trade and other receivables	14	5,869	5,121
Cash and cash equivalents	15	3,443	896
Total current assets other than non-current assets held for sale		**12,503**	**6,124**
Non-current assets held for sale	13	1,453	-
Total current assets		**13,956**	**6,124**
TOTAL ASSETS		**26,331**	**45,034**
EQUITY			
Share capital	16	0	0
Share premium		15,930	15,930
Revaluation reserve		47	1,969
(Accumulated deficit) / retained earnings		(12,583)	2,206
Equity attributable to owners of the parent		**3,394**	**20,105**
Non-controlling interest in equity		**(862)**	**159**
TOTAL EQUITY		**2,532**	**20,264**
LIABILITIES			
Non-current liabilities			
Borrowings	17	537	17,513
Other payables	18	-	3
Deferred income tax liabilities	24	253	712
Total non-current liabilities		**790**	**18,228**
Current liabilities			
Borrowings	17	21,030	4,687
Trade and other payables	18	1,955	1,428
Dividends payable	16	24	187
Income tax payables		-	240
Total current liabilities		**23,009**	**6,542**
TOTAL LIABILITIES		**23,799**	**24,770**
TOTAL LIABILITIES AND EQUITY		**26,331**	**45,034**

Signed by entire Management Board, 26 May 2023

Mr. Oleksandr Kucherenko,
Director

Mr. Oleksandr Selyshchev,
Chairman

SCM MANAGEMENT B.V.,
Director

Ms. Nataliya Muktan

Ms. Eliza Desiree den Aantrekker

Approved for issue and signed by entire Supervisory Board

27 May 2023

Mr. Maksym Timchenko

Mr. Oleksiy Povolotskiy

Ms. Iryna Mykh

Mr. Dmytro Sakharuk

Mr. Pavlo Livertovskyi

The accompanying notes are an integral part of these consolidated financial statements.

In millions of Ukrainian Hryvnia	**Notes**	**For the year ended 31 December 2022**	**2021**
Revenue	19	2,946	7,741
Cost of sales	20	(1,289)	(2,353)
Impairment of property, plant and equipment, intangible assets and other non-current assets	8, 9, 10	(13,814)	-
Gross (loss) / profit		**(12,157)**	**5,388**
Other operating income	23	1,154	131
General and administrative expenses	21	(477)	(563)
Other operating expenses	23	(115)	(85)
Net foreign exchange gains / (losses) on operating activity		27	(92)
Net reverse of impairment losses on trade receivables		207	188
Operating (loss) / profit		**(11,361)**	**4,967**
Net foreign exchange (losses) / gains on financing and investing activities		(3,495)	1,621
Finance income	22	684	421
Finance costs	22	(1,658)	(1,422)
Net impairment losses on other financial assets		(78)	(5)
(Loss) / profit before income tax		**(15,908)**	**5,582**
Income tax expense	24	67	(1,139)
(Loss) / profit for the period		**(15,841)**	**4,443**
(Loss) / profit is attributable to:			
Equity holders of the parent		(14,820)	4,311
Non-controlling interest		(1,021)	132

Consolidated Statement of Comprehensive Income

In millions of Ukrainian Hryvnia	**Note**	**2022**	**2021**
(Loss) / profit for the period		(15,841)	4,443
Items that will not be reclassified to profit or loss:			
Property, plant and equipment:			
- Reversal of revaluation of property, plant and equipment and intangible assets	8	(2,275)	-
- Income tax recorded on impairment of property, plant and equipment and intangible assets		384	-
Total other comprehensive loss for the period		**(1,891)**	**-**
Total comprehensive (loss) / income for the period		**(17,732)**	**4,443**
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company		(16,711)	4,311
Non-controlling interest		(1,021)	132

The accompanying notes are an integral part of these consolidated financial statements.

For the year ended 31 December 2022 *In millions of Ukrainian Hryvnia,*	Attributable to equity holders of the Company Share capital	Share premium	Revalua-tion reserve	Other reserves	(Accumulated deficit) / Retained earnings /	Total	Non-con-trolling interest	Total equity
Balance as of 1 January 2022	**0**	**15,930**	**1,969**	**-**	**2,206**	**20,105**	**159**	**20,264**
Loss for the period	-	-	-	-	(14,820)	(14,820)	(1,021)	(15,841)
Other comprehensive loss	-	-	(1,891)	-	-	(1,891)	-	(1,891)
Total comprehensive loss	**-**	**-**	**(1,891)**	**-**	**(14,820)**	**(16,711)**	**(1,021)**	**(17,732)**
Utilization of revaluation reserve, net of tax	-	-	(31)	-	31	-	-	-
Balance as of 31 December 2022	**0**	**15,930**	**47**	**-**	**(12,583)**	**3,394**	**(862)**	**2,532**

For the year ended 31 December 2021 *In millions of Ukrainian Hryvnia*	Attributable to equity holders of the Company Share capital	Share premium	Revalua-tion reserve	Other reserves	Retained earnings	Total	Non-con-trolling interest	Total equity
Balance as of 1 January 2021	**-**	**-**	**2,126**	**10,637**	**3,028**	**15,791**	**62**	**15,853**
Profit for the period	-	-	-	-	4,311	4,311	132	4,443
Total comprehensive income	**-**	**-**	**-**	**-**	**4,311**	**4,311**	**132**	**4,443**
The Group reorganization (Note 1)	-	15,930	-	(10,637)	(5,293)	-	-	-
Acquisition of non-controlling interest (Note 1)	-	-	13	-	(8)	5	(11)	(6)
Disposal of non-controlling interest (Note 1)	-	-	-	-	(2)	(2)	3	1
Utilization of revaluation reserve, net of tax	-	-	(170)	-	170	-	-	-
Dividends declared	-	-	-	-	-	-	(27)	(27)
Balance as of 31 December 2021	**0**	**15,930**	**1,969**	**-**	**2,206**	**20,105**	**159**	**20,264**

The accompanying notes are an integral part of these consolidated financial statements.

In millions of Ukrainian Hryvnia	Notes	For the year ended 31 December 2022	2021
Cash flows from operating activities			
(Loss) / profit before income tax		(15,908)	5,582
Adjustments for:			
Depreciation and amortisation of property, plant and equipment, intangible assets and other non-current assets	8, 9, 10	961	1,662
Disposals of property, plant and equipment	8	17	-
Net gain on derecognition of equipment components and prepayment for property, plant and equipment and recognition of other receivables and non-current assets held for sale	23	(924)	-
Impairment of property, plant and equipment, intangible assets and other non-current assets	8,9,10	13,814	-
Allowance for inventory		40	19
Unrealised foreign exchange (gains) / losses on operating activity		(27)	92
Net foreign exchange losses / (gains) on financing and investing activities		3,495	(1,621)
Remeasurement of liabilities for acquisition of intangibles	18	(113)	-
Reversal of impairment on financial assets	12, 14	(129)	(183)
Finance costs, net	22	974	1,001
Operating cash flows before working capital changes		**2,200**	**6,552**
Trade and other receivables		3,056	18
Inventories		-	(10)
Trade and other payables		(42)	(129)
Cash generated from operations		**5,214**	**6,431**
Interest paid	17	(732)	(1,358)
Interest received		65	24
Income tax paid		(241)	(422)
Other fees paid		-	(20)
Net cash generated from operating activities		**4,306**	**4,655**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(1,774)	(9,246)
Proceeds from assignment receivables from related parties	14	1,017	-
Repayment of other receivables	14	1,942	-
Purchase of other non-current assets	10	-	(435)
Return of advances for other non-current assets	10	3	-
Placement of restricted cash	11	(402)	(185)
Withdrawal of restricted cash		-	63
Withdrawal of deposits		-	3,192
Loan provided to related parties	12	(998)	(1,360)
Repayment of loans provided to related parties	12	52	3,779
Net cash used in investing activities		**(160)**	**(4,192)**
Cash flows from financing activities			
Purchase of Group's own long-term bonds issued to related parties	17	(1,017)	-
Proceeds from borrowings	17	231	2,306
Repayment of borrowings	17	(728)	(3,070)
Dividends paid	16	(175)	(68)
Acquisition of non-controlling interest		-	(6)
Contribution of capital to a subsidiary from non-controlling participants		-	1
Net cash used in financing activities		**(1,689)**	**(837)**
Net increase / (decrease) in cash and cash equivalents		**2,457**	**(374)**
Cash and cash equivalents at the beginning of the year	15	896	1,372
Exchange gain / (loss) on cash and cash equivalents		90	(102)
Cash and cash equivalents at the end of the year	**15**	**3,443**	**896**

The accompanying notes are an integral part of these consolidated financial statements.

Transactions that did not require the use of cash and cash equivalents and were excluded from the statement of cash flows are as follows:

In millions of Ukrainian Hryvnia	**Notes**	**2022**	**2021**
Investing transactions			
Settlement of borrowings from DSA/DSRA	11	1,545	-
Offsetting loans receivable from related parties with borrowings from related parties	12	2,813	-
Financing transactions			
Offsetting borrowings with cash on DSA/DSRA	17	(1,545)	
Offsetting loans receivable from related parties with borrowings from related parties	17	(2,813)	-
Offsetting a bank borrowing with coverage refund	17	-	33

1 The Organisation and its Operations

DTEK RENEWABLES B.V. (former DTEK RENEWABLES HOLDINGS B.V.) (the "Company") is a private limited liability company incorporated on 7 May 2021, under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands, and is fully owned by DTEK GROUP B.V., which is the holding company of a vertically integrated power generating and distribution and gas production business of Joint Stock Company "System Capital Management Limited" ("SCM"). The ultimate parent is SCM Holdings Limited, Cyprus. SCM is ultimately controlled by Mr. Rinat Akhmetov who has a number of other business interests outside of the Company. Related party transactions are detailed in Note 7 of the Consolidated Financial Statements.

In 2021, as a part of an internal reorganization of the Renewables business, DTEK GROUP B.V. (former DTEK B.V., renamed on 11 May 2022) transferred DTEK RENEWABLES UKRAINE B.V. (former DTEK RENEWABLES B.V.), which consolidated all the renewables business in 2021, to DTEK RENEWABLES B.V.

DTEK GROUP B.V. made a share premium contribution to the equity of the Company by means of 100% of its shareholding in DTEK RENEWABLES UKRAINE B.V., a company which was fully owned by DTEK GROUP B.V. As a result of this reorganization transaction, DTEK RENEWABLES B.V. recognized share premium in the amount of UAH 15,930 million, which was determined at the net assets value of the investments contributed to the equity of DTEK RENEWABLES B.V. The retained earnings of the Group were reduced by the excess of the share premium of DTEK RENEWABLES over share premium of DTEK RENEWABLES UKRAINE B.V., presented as other reserves in the Consolidated Statement of Changes in Equity as of 1 January 2021.

The Company's and its subsidiaries' (together referred to as "the Group") principal activity is the production and sale of electricity generated by wind and solar power plants in Ukraine.

At the reporting date, the subsidiaries of the Group are as follows:

	% interest held as of		
Name	**31 December 2022**	**31 December 2021**	**Country of incorporation**
Production facilities			
WIND TECH LLC	100.00	100.00	Kyiv, Ukraine
DTEK PRYMORSKA WIND FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK PRYMORSKA WIND FARM-2 LLC	94.00	94.00	Kyiv, Ukraine
DTEK NIKOPOLSKA SOLAR FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK BOTIEVSKA WIND FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK TILIGULSKA WEP LLC	90.00	90.00	Kyiv, Ukraine
DTEK ORLIVSKA WIND FARM LLC	87.00	87.00	Kyiv, Ukraine
DTEK POKROVSKA SOLAR FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK TRYFONIVSKA SOLAR FARM LLC	100.00	100.00	Kyiv, Ukraine
Administrative entities			
PRIMORSKAYA WEP B.V.	100.00	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES UKRAINE B.V.	100.00	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES FINANCE B.V.	100.00	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES INTERNATIONAL B.V.	-	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES LLC	100.00	100.00	Kyiv, Ukraine
ORNEX LIMITED	100.00	-	Limassol, Cyprus
Other supplemental companies			
SOLAR FARM – 4 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 5 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 6 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 7 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 8 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 11 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 13 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 14 LLC	100.00	100.00	Kyiv, Ukraine
DTEK POLTAVSKA WIND FARM LLC (former SOLAR FARM – 15 LLC)	100.00	100.00	Kyiv, Ukraine
DTEK BERDYANSKA WIND FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK TILIGULSKA WEP – 2 LLC	100.00	100.00	Kyiv, Ukraine
DTEK CONSTRUCTION SOLUTIONS LLS	100.00	100.00	Kyiv, Ukraine
LLC TVE	100.00	100.00	Kyiv, Ukraine

The Group is registered at Strawinskylaan 1531, Tower B, Level 15, grid TB-15-046/089, 1077XX Amsterdam, the Netherlands, with Dutch Chamber of Commerce registration number 82761027.

1 The Organisation and its Operations (continued)

In March 2022, the Group sold 100% of share capital of DTEK RENEWABLES INTERNATIONAL B.V. to DTEK GROUP B.V. and recognized the result in the consolidated income statement (Note 23).

In November 2022, the Group acquired 100% of share capital of ORNEX LIMITED (Limassol, Cyprus) from the ultimate parent. This transaction did not have a material impact on these consolidated financial statements.

In January 2021, the Group acquired 0.1% of DTEK BOTIEVSKA WIND FARM LLC for UAH 6 million from a related party and increased its ownership up to 100%. This transaction did not have a material impact on these consolidated financial statements.

In May 2021, the share capital of DTEK TILIGULSKA WEP LLC was increased by a related party through cash contribution in the amount UAH 1 million that decreased the interest owned by the Group to 90%.

The result of changes in non-controlling interests is disclosed in the Consolidated Statement of Changes in Equity.

In 2022, the Group's average number of employees was 209 people, including 97 production and 112 administrative employees (2021: 227 people, including 85 production and 142 administrative employees). The number of employees, based on full time equivalents, who are working outside the Netherlands as of 31 December 2022, was 203 people (31 December 2021: 225 people).

2 Operating Environment of the Group

Ukrainian economy. Ukrainian economy has features inherent for emerging markets and its development is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment which changes rapidly.

On 24 February 2022, Russian forces commenced a full-scale invasion across the Ukrainian state, which had an impact on all areas of the Ukrainian life and economy. The territories of Kyiv, Chernihiv, Sumy, Kharkiv and part of Kherson regions were occupied at the beginning of the war, however, they were liberated subsequently. As of 31 December 2022, Crimea and the major parts of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation and active military actions are ongoing there.

As of 31 December 2022, the following wind farms were located on the territory temporary not controlled by the Ukrainian government: DTEK BOTIEVSKA WIND FARM LLC, DTEK ORLIVSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM LLC and DTEK PRYMORSKA WIND FARM-2 LLC. On 30 September 2022, the Russian Federation announced the illegal annexation of parts of the Ukrainian territory, which included the territory where the wind plants are located, which is not recognized by the Ukrainian government and the international community. DTEK NIKOPOLSKA SOLAR FARM LLC (with project capacity 200MW), DTEK POKROVSKA SOLAR FARM LLC (with project capacity 240MW), DTEK TILIGULSKA WEP LLC (with project capacity 114MW, which was under construction as of 31 December 2022 and have been put into operation in first half of 2023) and DTEK TRYFONIVSKA SOLAR FARM LLC (with project capacity 10MW, which after the liberation of Kherson region, where the plant is located, was estimated at 6.5 MW), are located close to the territory with active military actions in the area under the Ukrainian State control . The plants continue to generate electricity. For the additional details of the war impact on the Group's assets and operations, refer to Note 3 of the Consolidated Financial Statements.

Ukrainian business located outside the main war zones started to show signs of recovery from April 2022. Since October 2022, Russia started to target with missile and combat drones energy infrastructure all over Ukraine, causing its destruction and lack of power supply, which results in scheduled and unscheduled power outages for both households and businesses. All these resulted in a decrease of GDP of Ukraine in 2022 by around 29.2% (2021: an increase of 3%) according to the report published by the Ministry of Economy of Ukraine. The situation remains tense, it has an impact not only on the Ukrainian but also on the international economy, and its further impact and duration are difficult to predict and quantify.

The National Bank of Ukraine ("NBU") follows an interest rate policy consistent with inflation targets. The inflation rate in Ukraine for 2022 stood at 26.6% (2021: 10.0%) according to the statistics published by the State Statistics Service of Ukraine. An increase in inflation in 2022 led the NBU to begin monetary tightening and increase its key policy rate from 10% effective from 20 January 2022 to 25% effective from 3 June 2022.

As of 24 February 2022, the Hryvnia exchange rate was effectively fixed at UAH 29.25 per USD 1 (as compared to UAH 27.28 per USD 1 as of 31 December 2021) on the FX market to ensure the sound and stable operation of the country's financial system. From 21 July 2022, the Hryvnia exchange rate was adjusted to UAH 36.57 per USD 1, and it has been fixed at that level until signing these financial statements.

In order to constrain price increases in Ukraine, as well as to keep inflation under control, the NBU was forced not only to fix the USD exchange rate, but also introduced a number of administrative restrictions, in particular on foreign exchange transactions and capital movements including restrictions on interest and dividends payments to abroad in foreign currencies. Due to all these restrictions, UAH lacks exchangeability and is not freely convertible to hard currencies.

2 Operating environment of the Group (continued)

The yield to maturity ("YtM") on Ukrainian Government Eurobonds increased to 63.4% (for a 5-year maturity instruments as of 31 December 2022) from 8.9% as of 31 December 2021. At the same time, the domestic Ukrainian sovereign bonds in UAH (for a 5-year maturity) were traded with the yields of 22% as of 31 December 2022. In August 2022, Ukraine's creditors agreed two-year standstill on all its Eurobonds, which allowed the Group to defer nearly USD 6 billion of scheduled repayments. Foreign currency reserves that, as of 31 December 2021, were at the highest level since 2011 started to be gradually utilised from January 2022. However, due to the inflow of international aid, currency reserves exceeded the pre-war level as of 31 December 2022. From the start of the war, the Ukrainian budget experiences a significant deficit, which was financed by national and international borrowings and grants. Since the beginning of the full-scale invasion by Russia and till 31 December 2022, the total amount of funds received by Ukraine from international partners amounted to USD 31.2 billion (UAH 1,046 billion), out of which 45% were in the grant format. International support is crucially important for Ukraine's ability to continue fighting against the aggression and funding the budget deficit and on-going debt repayments.

Industry-related developments

Electricity market. The Ukrainian electricity market provides various mechanisms for the purchase and sale of electricity, namely direct contracts, a day-ahead market, an intraday market, a balancing market and an auxiliary services market. The direct contracts market represents the sale of electricity based on bilateral agreements concluded for up to one year. The day-ahead market and the intraday market are electricity sales with a coverage period of the next day, in which all transactions are conducted on the platform of the State Enterprise "Market Operator". Pricing on the day ahead market is based on a supply and demand, limited by price-caps (the maximum price for electricity on the market set by the National Energy and Utilities Regulatory Commission). The balancing market is a market of deviations of the actual hourly production and consumption of electricity from the planned trading schedule and together with the auxiliary services markets were established to ensure sufficient amounts of electricity needed for the real-time balancing of electricity production and import/export, congestion management in the Integrated Power System ("IPS") of Ukraine, as well as financial settlement of electricity imbalances.

There are next sources which are expected to be used for settlements with renewable energy sources (RES) producers for generated electricity: (1) revenue of Guaranteed Buyer SE for electricity sales in the market segments, (2) transmitting tariff of Ukrenergo NPC and (3) 50% of export revenues of transmission system operators.

The full-scale Russian invasion of Ukraine brought immense challenges for the Ukrainian Energy System. During the first months of the war, up to 13 million people fled the country or moved to the safer regions, some businesses stopped production, which, combined with network damages, reduced energy consumption by 30%. A large number of power plants are located in the temporary occupied territories, including Zaporizhzhia Nuclear Power Plant (the largest nuclear energy plant in Europe) and the vast majority of RES power plants. According to the Ministry of Energy of Ukraine, 90% of wind power plants (WPP) and up to 60% of solar power plants (SPP) are located in the territory of active military actions. Consequently, SPP generation decreased by 40% and WPP generation decreased by 67%, compared to the same period in 2021.

Before the Russian invasion on 24 February 2022, the National Energy and Utilities Regulatory Commission (the NEURC) adjusted the effective FiT on a quarterly basis to track the UAH/Euro exchange rate. According to the resolution No. 363 of 31 March 2022, the National Energy and Utilities Regulatory Commission suspended adjusting the effective FiT to track the UAH/Euro exchange rate until the end of martial law and fixed at the level set on 1 January 2022. As of 30 September 2022, the National Energy and Utilities Regulatory Commission reintroduced the FiT adjustment to track the UAH/Euro exchange rate from the 4th quarter 2022.

In the martial law regime, the Ministry of Energy reduced the level of payments to renewable energy generators with the actual level of payments being 15-17% from the monthly electricity sales. In June 2022, the Ministry of Energy established a new procedure for the distribution of funds for electricity producers from renewable sources for the period of martial law which entered into force since 5 July 2022. According to this procedure, the minimum payment level for RES electricity generation was set at the level of 18% from actual monthly sales until the end of martial law in Ukraine. The funds remaining after distribution of the minimum payment level will be used by Guaranteed Buyer SE for further repayment to RES producers proportionally to the amounts owed to them for the generated electricity. During the period of March-December 2022, the actual level of settlement increased from 17% in March 2022 to 84% in December 2022 with the average level for the whole 2022 at 64% from monthly nominal sales amounts. On 19 August 2022, Verkhovna Rada of Ukraine made changes to the Law "On Electricity Market". In accordance with the law, by the end of 2022, cash of Ukrenergo NPC which was received form auctions for the access to cross-border capacity to electricity producers could be used to pay off accumulated debts to RES producers. Previously, the income from auctions could be used only for the development of cross-border networks. In September-October 2022, UAH 807 million of Guaranteed Buyer's debt to the Group was repaid from this source of income.

2 Operating environment of the Group (continued)

Starting from 16 March 2022, the Ukrainian power system has been operating synchronously with the European continental network ENTSO-E and is now a part of the European energy space. Commercial electricity exchanges with the Ukraine/Moldova power system started on 30 June 2022 on the interconnection between Ukraine and Romania, followed by the Ukraine-Slovakia interconnection on 7 July 2022. On 28 July 2022, the Transmission System Operators (TSOs) of Continental Europe agreed to increase the trade capacity with Ukraine/Moldova to 250 MW, which is more than double the capacity that was set at the initial phase (100 MW). On 5 September, ENTSO-E increased the available capacity to 300 MW only during the hours of peak consumption, and on 23 September 2022, the capacity was increased by 50 MW during night hours. In October 2022, ENTSO-E announced a decision to increase commercial exchanges between Ukraine and Europe: up to 400 MW for export and up to 500 MW for import.

The potential consequences of increasing electricity exports to European countries are as follows:

- Ability to provide additional liquidity in the electricity market and obtain considerable additional profits.
- Electricity supply from Ukraine will significantly strengthen energy security in Central and Eastern Europe as well as will help to stabilise the price which now is 2-3 times higher than in Ukraine. At the same time, electricity supply from Ukraine could cover some of the electricity consumption in the EU countries and reduce their dependency on the Russian Federation's energy resources supply.

Since January 2021, the NEURC has approved a new formula for calculating imbalances for electricity producers with renewable energy sources. The new formula for calculating imbalances included the deficiencies of Guaranteed Buyer's trading strategy, which led to an increase in the amounts of imbalances of RES producers. On 8 September 2022, the Supreme Court of Ukraine invalidated the formula for calculating imbalances, which came into force in January 2021. According to the court decision, calculations of imbalances should be made using the formula that was in force until January 2021. Since the new form for calculating imbalances was not approved by the National Commission for State Regulation of Energy and Public Utilities, Guaranteed Buyer SE stopped issuing acts on imbalances until clarifications were received and the new formula was approved. Starting from September 2022, the Group accrues imbalance expenses on an accrual basis, according to the formula which was in force until January 2021.

Since October 2022 the Russian Federation launched numerous massive missile strikes on the territory of Ukraine and damaged energy infrastructure facilities, which led to an imbalance in the energy system and the temporary suspension of electricity export. Currently, the system has been balanced, but the energy structure remains vulnerable to this kind of attacks. In April 2023 the Ministry of Energy allowed the restoring of electricity exports in conditions of surplus generating capacity.

Tax legislation. In November 2021, there were implemented changes to the Tax Code, which allowed renewable energy generators to include revenues in taxable income on a cash basis. As a result of the adoption of the changes to the Tax Code of Ukraine which entered into force on 1 January 2022, the producers of renewable electricity under the FiT will have the right to determine the tax liability from income tax by the end of the reporting period based on the income for electricity sold and the costs of its production using actual payments from Guaranteed Buyer SE. Management assessed this option and decided not to implement this new approach due to immaterial effect on the income tax payments for the Group.

There are no other special events that should be taken into account for the financial statements of the Company and the Group.

3 Significant Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") using the historical cost convention, as modified by the revaluation of property, plant and equipment (revaluation model under IAS 16 *Property, plant and equipment*), and certain financial instruments measured in accordance with the requirements of IFRS 9 *Financial instruments,* and with Part 9 of Book 2 of the Dutch Civil Code. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

As the financial data of the Company is included in the consolidated financial statements, the income statement in the Company's financial statements is presented in its condensed form (in accordance with art. 2:402 DCC).

As of the date of these financial statements, four of five wind power plants are located in the temporally non controlled territory (south of Ukraine). Electricity generation on wind power plants located on temporally non controlled territory is suspended and power grids are damaged.

3 Significant Accounting Policies (continued)

Going concern. As of 31 December 2022, the Group had net current liabilities of UAH 10,506 million (31 December 2021: net current liabilities of UAH 418 million) and recorded a net loss of UAH 15,841 million for the year ended 31 December 2022 (for the year ended 31 December 2021: net profit of UAH 4,443 million). For the year ended 31 December 2022, the Group received positive cash flows generated from operating activities in the amount of UAH 4,306 million (for the year ended 31 December 2021: UAH 4,655 million). The significant loss was mainly due to the following: accrual of an impairment allowance for non-financial assets, which was caused by the invasion of Russia (Notes 2 and 8); recognition of the financial component (Note 4) related to the receivables of Guaranteed Buyer SE and Ukrenergo NPC. As of 31 December 2022, the net current liability arose mainly from the reclassification of borrowings to current liabilities due to certain non-compliance with the covenants, and other events of default which are explained in the next paragraphs.

As discussed in Note 17 of the Consolidated Financial Statements the Group was in breach of certain financial and non-financial terms of the bank and non-bank debts with a nominal principal amount and interests accrued of EUR 244 million (or equivalent of UAH 9,496 million at UAH/EUR exchange rate effective on 31 December 2022) and these debts have become due on demand.

Also, despite none of the bank and non-bank creditors claimed for acceleration of the debts and there has been no breaches on Green bonds themselves, these were also classified as current due to the cross-acceleration provisions in the Green bonds documentation. In September 2022, the Group received consent from the bondholders (Note 17), which waives the bondholders' right to claim on certain events of default apart the non-payment under the Bonds while the martial law is in effect in Ukraine. As the martial law and therefore consent was ruled to cease within 12 months from reporting date, the Bonds were classified as current. The Group continues the negotiations with bank creditors to reach a solution to service the debts which are related to the wind plants on the territory temporary not controlled by the Ukrainian government. The current situation is a complex problem related to the political situation in the world. The management assumes that creditors will consider that DTEK Group is one of the largest energy holdings in the country at war. Taking into account the improvement in the payment discipline of Guaranteed Buyer during 2022 (both debts for current electricity supplies and repayment of accumulated debts), the Group's desire to be a reliable partner and repayment of most of the obligations to creditors, as well as the worldwide support of Ukraine against unprovoked Russian aggression, management expects that a compromise will be reached in the negotiations.

With regards to the Green bonds of the Group, their maturity is on 11 November 2024 and management intends to evaluate redemption options for the bonds (including but not limited refinancing option) closer to the maturity date.

At the signing date of these consolidated financial statements, none of the Group's creditors demanded for accelerated repayments and the Group has received no indication that the lenders intend to exercise their right to accelerate the facilities.

There is a significant uncertainty over the future development of the Russian military invasion, its duration and short and long-term impact on the Group, its people, operations, liquidity, and assets. There could be multiple scenarios of further developments of the current situation with unknown likelihood and the magnitude of the impact on the Group might vary from significant to severe. Some of these could be negatively affecting the ability of the Group's assets located on the territory controlled by Ukrainian government to generate sufficient operating cash flows to serve the Group's debts attached to them because of either a direct physical damage, or through decreased level of settlements by Guaranteed Buyer SE and Ukrenergo NPC for the electricity sold and compensation for the curtailment of electricity generation. Similarly, the moratorium for cross-border debt and capital repayments imposed by National Bank of Ukraine, if not amended/released, could bring additional complexities with ability of the Group to settle its debts abroad.

Management is now taking measures to ensure security of assets and their operations, and minimize operating costs, including payroll, to optimize cash flows. Management prepared a cash flow forecast until the end of June 2024.

The management's cash flow forecast from January 2023 till June 2024 assumes:

- Only the solar and wind power plants located on the territory under control of the Ukrainian government continue producing electricity.
- Management expects the level of payments from Guaranteed Buyer SE to be in the range of 64% to 100% from month to month from the electricity sales. The annual average level of settlements in the forecast period is expected in the amount of 87%, being the reflection of anticipated increase in electricity prices in day-ahead market (DAM) and bilateral agreements prices in 2023, the increase in the transmission tariff, improved settlements to customers by Ukrenergo NPC and reopening of electricity export from Ukraine.
- The creditors will not demand the accelerated payments, and bank and non-bank creditors will agree to waive the breaches of the covenants and revise the terms of payment on existing debts.
- The debts due to parties under common control of DTEK GROUP B.V. will not be claimed for payment earlier than the contractual maturity. As of 31 December 2022, the maturity of borrowings from related parties were in the range of 2025 to 2027.
- The Group currently assesses that it will be able to arrange settlements of debt abroad and comply with currency control restrictions.

3 Significant Accounting Policies (continued)

The operating cash flows together with the existing cash available as of the date of signing of these financial statements are sufficient to cover the operating costs in the projection period and serve the debts related to non-occupied plants. As of the date of these financial statements, the NBU restrictions remain in force, there is uncertainty as to when the NBU restrictions will be released or management will be able to realise a mechanism to execute the payment on debts abroad.

While having sufficient operating cash flow for running of operations, the Group heavily relies on the willingness of the bank and non-bank creditors and related parties do not demand the accelerated payments or act upon existing defaults. In this scenario, the Group has sufficient liquidity to continue as a going concern. However, in any other scenario, including if the current military situation negatively develops, the Group may not be able to meet its obligations in the future, which could increase the risk of not meeting management's cash flow assumptions.

Management acknowledges that future development of military actions and their duration, the ability to negotiate with the lenders to defer debt payments, and receive waivers for the periods when the Group has covenant breaches and payment defaults and revise the terms of payments on the debts to fit the operating cash flows, as well as a dependency on the NBU to release restrictions, represent material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite these material uncertainties, management is continuing operations and taking actions to minimise the impact of these developments on the Group and thus concludes that application of the going concern assumption for the preparation of these consolidated financial statements is appropriate.

Use of estimates. The preparation of financial statements in accordance with the basis of preparation as described above requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas, involving a high degree of judgement, complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 4 of the Consolidated Financial Statements.

Functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Ukrainian Hryvnia ("UAH"), which is the Company's and the Group's functional and presentation currency. Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses, resulting from settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at year end, are recognised in the income statement. Translation at year end does not apply to non-monetary items including equity investments. The effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

Translation differences in non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences in non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Foreign exchange differences classification. Foreign exchange translation differences on accounts receivable, accounts payable, cash and cash equivalents and deposits with original maturity of less than three months are classified in consolidated income statement as "Net foreign exchange gains / (losses) on operating activity".

Translation differences recognised on other monetary assets and liabilities are classified in consolidated income statement as "Net foreign exchange (losses) / gains on financing and investing activities".

As of 31 December 2022, the exchange rates used for translating foreign currency balances were USD 1 = UAH 36.57 (31 December 2021: USD 1 = UAH 27.28); EUR 1 = UAH 38.95 (31 December 2021: EUR 1 = UAH 30.92).

Consolidated financial statements. Subsidiaries are those companies and other entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions among the companies of the Group are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 Significant Accounting Policies (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Common control business combinations. Purchases of subsidiaries from parties under common control are recorded using the predecessor values. Under this method the subsidiaries results, assets and liabilities are incorporated prospectively from the date, on which business combination between entities under common control occurred. The corresponding amounts for the previous year are not restated. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying values. The difference between the consideration given and the aggregate carrying value of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to equity. No additional goodwill is created by such purchases.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. Segments falling below this threshold can be reported separately at management decision.

Property, plant and equipment. The Group uses the revaluation model to measure property, plant and equipment. The frequency of revaluation will depend upon the movements in the fair values of the assets being revalued that will be made by external independent valuers. Subsequent additions to property plant and equipment are recorded at cost. Cost includes expenditure directly attributable to acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The cost of acquired and self-constructed qualifying assets includes borrowing costs.

Any increase in the carrying amounts resulting from revaluation are credited to other reserves in equity through other comprehensive income. Decreases that offset previously recognised increases of the same asset are charged against other reserves in equity through other comprehensive income; all other decreases are charged to the income statement. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings. When an item of property, plant and equipment is revalued the accumulated depreciation is eliminated against the gross carrying amount of the asset.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the replaced component being written off. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Gains and losses on disposals determined by comparing proceeds with carrying amount of property, plant and equipment are recognised in the consolidated income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Depreciation. Depreciation is charged to the income statement on a straight-line basis to allocate costs of individual assets to their residual value over their estimated useful lives. Depreciation commences on the date of acquisition or, in respect of self-constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

	Useful lives in years
Buildings and structures	from 10 to 40
Wind turbines	20
Solar panels and invertors	15
Plant and machinery	from 2 to 20
Furniture, fittings and equipment	from 2 to 15

The depreciation method, estimated useful lives and residual values are estimated at least once a year and are adjusted prospectively in all appropriate cases.

Construction in progress represents the cost of property, plant and equipment, including advances to suppliers, which has not yet been completed. No depreciation is charged on such assets until they are available for use.

Intangible assets. All of the Group's intangible assets have definite useful lives and primarily include rights to construct a wind power plant, wind monitoring reports, capitalised computer software licences. Acquired intangible assets are capitalised on the basis of the costs incurred to acquire and bring them to use. Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell. Amortisation is charged to the income statement on a straight-line basis.

3 Significant Accounting Policies (continued)

Other non-current assets. Other non-current assets include capitalised costs to connect to the grid. Other non-current assets are carried at cost and amortised to the cost of sales in the consolidated income statement on a straight-line basis over 10-20 years. If impaired, the carrying amount of non-current assets is written down to the higher of value in use and fair value less costs to sell.

Impairment of non-financial assets. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped to the lowest levels for which there are separately identifiable cash flows (cash generating unit). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-current assets classified as held for sale. Non-current assets are classified in the consolidated balance sheet as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated balance sheet are not reclassified or re-presented in the comparative consolidated balance sheet to reflect the classification at the end of the current period.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

Classification of financial assets. The Group classifies financial assets in the following measurement categories: fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVOCI) and at amortized cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI").

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Initial recognition of financial instruments. The Group's principal financial instruments comprise loans and borrowings, cash and cash equivalents, financial investments. The Group has other various financial instruments, such as trade debtors and creditors, which arise directly from its operations.

All purchases and sales of financial instruments that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date that the Group commits to deliver a financial instrument. All other purchases and sales are recognised on the settlement date with the change in value between the commitment date and settlement date not recognised for assets carried at cost or amortised cost, and recognised in equity for assets classified as available-for-sale.

Reclassification of financial assets. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

3 Significant Accounting Policies (continued)

Impairment of financial assets (credit loss allowance for ECL). The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the balance sheet net of the allowance for ECL. For loan commitments a separate provision for ECL is recognised as a liability in the balance sheet.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, which is, up until contractual maturity but considering expected prepayments ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Modification of financial assets. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial. If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Measurement categories of financial liabilities*.* Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Derecognition of financial assets. The Group derecognises financial assets when (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Derecognition of financial liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. While assessing if modification is substantial, management considers both quantitative and qualitative factors. Qualitative factors include change of form of the instrument, interest rate, change in covenants and guarantors. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss. Any modification gains or losses are recognised immediately in profit or loss.

Gains and losses on loans provided to related parties. Gains and losses on early repayment as well as unwinding of discount and foreign exchange differences on loans provided to related parties are recognised in consolidated income statements in the period when incurred.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with Ukrainian and Dutch legislation enacted or substantively enacted at the balance sheet date. The income tax charge comprises current tax and deferred tax and is recognised in the income statement unless it relates to transactions that are recognised, in the same or a different period, directly in equity.

3 Significant Accounting Policies (continued)

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.
Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group or at the fiscal unity level.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is provided on post-acquisition retained earnings and other post-acquisition movements in reserves of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Inventories. Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the first in first out basis for raw materials and spare parts. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

Other prepayments are charged to the income statement when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in other non-current assets.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented in the consolidated financial statements as share premium.

As of 31 December 2022 and 31 December 2021, the total authorised number of ordinary shares was 1,000 ordinary shares with a par value of EUR 1 per share. The total issued share capital amounts to EUR 1,000 (UAH 33 thousand) translated at historical UAH/EUR exchange rates at the dates of respective resolutions of the shareholder. All issued shares are fully paid.

Dividends. Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the consolidated financial statements are authorised for issue.

Value added tax ("VAT"). In Ukraine, VAT is levied at two rates: 20% on sales in the domestic market and imports of goods and services and 0% on exports of goods and services. The VAT liability of the taxpayer is equal to the total amount of VAT accumulated for the reporting period and arises on the date determined by the cash method. A VAT credit is the amount by which a taxpayer has the right to reduce their VAT liabilities for the reporting period. The right to a VAT credit arises at the time of receipt of the VAT tax invoice, which is issued on the date of payment to the supplier or on the date of receipt of goods or services, whichever occurs first. VAT, which relates to purchase and sale transactions, is reflected in the balance sheet in detail and disclosed separately as part of assets and liabilities. In accordance with the Tax Code of Ukraine, prior to 1 January 2026, the Company as a supplier (producer) of electricity defines the date when tax liabilities and tax credit arise on a cash basis. In cases where a provision has been made for the impairment of receivables, the impairment loss is measured at the gross amount of the receivable, including VAT.

3 Significant Accounting Policies (continued)

Long-term debt. On initial recognition long-term debt is recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debt are included in the initial recognition. After initial recognition, long-term debt is recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. The difference between the stated book value and the mature redemption value is accounted for as finance expense in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debt. Long-term debt comprises bank borrowings, non-bank borrowings and the Green bonds issued and is recognised initially at fair value, net of transaction costs incurred.

Trade and other payables. Trade and other payables are recognised and initially measured under the policy for financial instruments mentioned above. Subsequently, instruments with a fixed maturity are re-measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Contingent assets and liabilities. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs.

Revenue recognition. The Group sells electricity produced by its electricity generation plants to Guaranteed Buyer SE, a state-owned entity acting as a guaranteed off-taker of renewable electricity at feed-in tariffs. Revenue from the sale of electricity is the value of units supplied during the year with deduction of imbalances reimbursement.

The Group recognises revenue from electricity sales over time. Revenue is recorded when control over electricity is transferred. Revenue from electricity sales is recognised in the accounting period in which the electricity is supplied to the final customer based on meter readings data.

The Group provides the service of the electricity generation limitation and receives the compensation from Ukrenergo NPC. The compensation is determined based on expected electricity generation for the period of the curtailment, calculated using actual generation volume for the previous period, multiplied by current feed-in tariffs. The Group recognises compensation from electricity sales over time.

Revenues from other sales are recognised at the point of transfer of control associated with ownership of goods.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

In 2022, the Group recognized a financing component related to revenue due to the length of time between when the Group transfers the electricity/provides services of the electricity generation limitation to the major customers and when the customers pay (Note 4).

Recognition of expenses. Expenses are recorded on an accrual basis. The cost of goods sold comprises the purchase price, transportation costs, commissions relating to supply agreements and other related expenses.

Finance income and costs. Finance income and costs comprise interest income and interest expense on loans and borrowings, income on origination of financial instruments, gain / loss on modification of financial instruments, losses on early repayment of loans and unwinding of discount on financial instruments.

General and specific borrowing costs, including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs, that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All the other interest and costs incurred in connection with borrowings are expensed using the effective interest rate method. The whole amount of interest paid is presented in operating cash flows section of the Consolidated Statement of Cash Flows.

Interest income is recognised as it accrues, taking into account the effective yield on the asset.

3 Significant Accounting Policies (continued)

Leases. The Group leases land from local authorities for its renewable energy generation facilities. Rental contracts are typically made for fixed periods of 7 to 49 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease payments are variable and calculated as a percentage from "normative monetary appraisal of land". Normative monetary appraisal of land does not constitute fair value of land as of reporting date, as the land market in Ukraine has not yet started working for legal entities. Furthermore, changes in normative monetary appraisal of land would not represent a change in a market index or rate. In general, normative monetary appraisal of land is based on specific requirements in the legislation. Therefore, management concluded that variable lease payment based on normative monetary appraisal of land shall not be included in the calculation of lease liability under IFRS 16 and respectively no lease asset and liability should be recorded for lease of land contracts.

The majority of the Group's lease contracts are concluded for 12 months or less. Payments associated with these short-term leases are recognised on a straight-line basis as an expense in profit or loss.

As of 31 December 2022, the Group had office lease agreements with a lease term till 2026, the Group recognized right-of-use assets with regarding the agreements in the amount of UAH 6 million.

4 Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern. Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered the Group's financial position, access to financial resources, and analysed the impact of the Russian invasion of Ukraine on the operations of the Group (Notes 2, 3).

Revenue recognition. After the full-scale invasion by the Russian Federation, the level of settlements of Guaranteed Buyer SE and Ukrenergo NPC decreased significantly. Since the beginning of the full-scale invasion and until the end of 2022, Guaranteed Buyer SE level of settlements was as follows: March: 17%; April: 22%; May: 17%; June: 25%; July: 33%; August: 50%; September: 68%; October: 81%; November: 93%; and December: 84%. Since the beginning of the full-scale invasion, Ukrenergo NPC level of settlements for electricity curtailment equalled 21%, but the average level of repayment for 2022 amounted to 55%.

During the first months of the war, the Group observed a significant decrease in the level of payments from Guaranteed Buyer SE and Ukrenergo NPC. During March – July 2022, there were uncertainties regarding the financial condition of counterparties (e.g., uncertainty related to the level of damage to counterparties' assets due to the hostilities; counterparties plans related to service their debt; the level of international financial support of the Ukraine energy market) and the terms of repayment of the receivables. Considering financial difficulties of the counterparties and the time gap between transfer of the electricity / provision of the electricity curtailments and further settlement of trade receivables, the respective receivables for the period from March 2022 to July 2022 were recognized as purchased or originated credit impaired assets (POCI). Initially, the Group expected the receivables to be repaid by the end of the first half of 2023. To adjust the contract consideration and reflect the financing component, the Group determined the discount rate that reflects the time value of money and credit risk of Guaranteed Buyer SE and Ukrenergo NPC. For revenue accrued for the period from March to July 2022, the discount rate was 53.7%. The discount rate was defined as the median between level of discount actually observed on Ukrenergo NPC bonds and average expected credit loss rate of CCC-rated companies (which is the rating assigned to Ukraine by international rating agencies) plus risk free UAH rate. Since the Group has unsettled payables for imbalances to Guaranteed Buyer SE (Note 18) and according to current legislation such debt may be settled with the trade receivables from Guaranteed Buyer SE (Note 14), the financial component was recognized at the net amount of the debt between the Group and Guaranteed Buyer SE. Management assesses payables for imbalances will not be demanded by Guaranteed Buyer SE until payment of respective accumulated receivables and could be treated as effective collateral.

As of 31 December 2022, total payables for imbalances of the Group were UAH 594 million (Note 18), including UAH 420 million related to Guaranteed Buyer SE receivables which were recognized as POCI.

Starting from August, the Group observed an improvement in the level of payments of Guaranteed Buyer SE. In addition, since August 2022, Ukraine began to export electricity that increased the financial ability of Guaranteed Buyer SE and Ukrenergo NPC to repay the debts. In September-October 2022 Guaranteed Buyer SE settled the receivables for electricity supplied in 2021 in the amount of UAH 807 million. Since October 2022 the electricity export was suspended due to massive missile strikes. In April 2023 the Ministry of Energy allowed the restoring of electricity exports in conditions of surplus generating capacity.

4 Critical Accounting Estimates and Judgements (continued)

Considering these signs of improvement in the financial condition of Guaranteed Buyer SE and Ukrenergo NPC, in August 2022, the Group revised its expectations for the terms of repayment of the receivables and discount rate. From August 2022 and as of 31 December 2022, it is expected that the debt of Guaranteed Buyer SE will be repaid in equal instalments in September-December 2023, the debt of Ukrenergo NPC will be repaid by the end of the first quarter of 2023.

Since August 2022, the discount rate for receivables for electricity supplied from March 2022 to July 2022 was revised to 39.7%. The discount rate was determined based on default rate set for Ukrenergo NPC bonds according to Fitch credit rating adjusted for recovery ratings and time value of money (Note 4). Based on the revision of the rate and expectation of the debt repayment, the Group recognized a reversal of the impairment provision in the amount of UAH 35 million related to trade receivables from Guaranteed Buyer SE, and a reversal of the impairment provision in the amount of UAH 118 million related to trade receivables from Ukrenergo NPC.

Since the time gap between when the Group transfers the electricity / provides service of electricity curtailment and when counterparties pay, remains in force, the Group continued to recognize a financial component in revenue. For revenue accrued for the period from August to December 2022, the discount rate reflected only the time value of money affect and amounted 16%.

The table below summarizes the amount of the financial component recognized in 2022 (in 2021, there was no financial component recognized):

In millions of Ukrainian Hryvnia	**Revenue, gross nominal amount**	**Discount rate**	**The financial component recognized**	**Total revenue**
Revenue from Guaranteed Buyer SE:				
- Revenue for the period from January to February 2022	1,067	-	-	1,067
- Revenue for the period from March to July 2022	704	53.7%	(167)	537
- Revenue for the period from August to December 2022	901	16.0%	(32)	869
Total revenue from Guaranteed Buyer SE	**2,672**		**(199)**	**2,473**
Revenue from Ukrenergo NPC:				
- Revenue for the period in January 2022	22	-	-	22
- Revenue for the period from February to July 2022	565	53.7%	(199)	366
- Revenue for the period from August to December 2022	63	16.0%	(4)	59
Total revenue from Ukrenergo NPC:	**650**		**(203)**	**447**

The table below summarizes the sensitivity of the financing component depending on the terms of repayment and the discount rate:

In millions of Ukrainian Hryvnia	**Sensitivity of the financing component**
The financing component related to the revenue from Guaranteed Buyer SE	
- The discount rate increase / (decrease) by 10%	31 / (36)
- The repayment term is extended / (shortened) by 6 months	72 / (87)
The financing component related to the revenue from Ukrenergo NPC	
- The discount rate increase / (decrease) by 10%	21 / (23)
- The repayment term is extended / (shortened) by 3 months	39 / (43)

During 2022, the Group recognized unwinding of the financial component related to the revenue from Guaranteed Buyer SE in the amount of UAH 21 million and unwinding of the financial component related to the revenue from Ukrenergo NPC in the amount of UAH 17 million (Note 22).

ECL measurement and classification of trade receivables from Guaranteed Buyer SE and Ukrenergo NPC. Management estimates ECL based on an analysis of individual accounts. Factors taken into consideration include an ageing analysis of trade and other accounts receivable in comparison with the credit terms allowed to customers, and the financial position of and collection history with the customer. Should actual collections be less than management's estimates, the Group would be required to record an additional impairment expense.

4 Critical Accounting Estimates and Judgements (continued)

As of 31 December 2022, trade receivables from Guaranteed Buyer SE for electricity sold and from Ukrenergo NPC for services provided remained unsettled. As of 31 December 2022, the gross carrying amount of trade receivables from Guaranteed Buyer SE and Ukrenergo NPC comprises UAH 1,685 million (31 December 2021: UAH 4,302 million). Considering current situation disclosed in Note 2 and 3 of the Consolidated Financial Statements, management anticipated that Guaranteed Buyer SE would repay its obligations at the end of December 2023, Ukrenergo NPC would repaid its obligation prior to 31 March 2023. The ECL rate was estimated on the level of 25.2% based on default rate of Ukrenergo NPC bonds according to Fitch credit rating adjusted for recovery ratings considering likelihood that the receivables might be repaid with delay from the expected terms. Since the Group has unsettled payables for imbalances to Guaranteed Buyer SE (Note 18) and considers that such debt may be settled with the trade receivables from Guaranteed Buyer SE (Note 14), the ECL provision was recognized at the net amount of the debt between the Group and Guaranteed Buyer SE.

Based on these expectations, management recognised UAH 123 million of ECL provision for these accounts receivable for the year ended 31 December 2022. During 2022, the Group recognized net reverse of ECL allowance related to the receivables from Guaranteed Buyer SE in the amount of UAH 73 million and net charge of ECL allowance related to the receivables from Ukrenergo NPC in the amount of UAH 14 million.

In January – February 2023, the receivables from Ukrenergo NPC were paid in full in the amount of UAH 364 million.

The table below summarizes the ECL allowance and financial component recognised related to receivables of Guaranteed Buyer SE and Ukrenergo NPC:

In millions of Ukrainian Hryvnia	**Gross nominal amount**	**Financial component (including POCI)**	**Gross carrying amount**	**ECL**	**Net carrying amount**
Trade receivables from Guaranteed Buyer SE:					
- Receivables for the period before and including February 2022	204	-	204	(52)	152
- Receivables for the period from March to July 2022 (POCI)	959	(117)	842	-	842
- Receivables for the period from August to December 2022	367	(25)	342	(56)	286
Total receivables from Guaranteed Buyer SE	**1,530**	**(142)**	**1,388**	**(108)**	**1,280**
Trade receivables from Ukrenergo NPC:					
Receivables for the period from February to July 2022 (POCI)	305	(66)	239	-	239
Receivables for the period from August to December 2022	59	(1)	58	(15)	43
Total receivables from Ukrenergo NPC	**364**	**(67)**	**297**	**(15)**	**282**

The table below summarizes the sensitivity of the ECL allowance depending on the assumptions as of 31 December 2022:

In millions of Ukrainian Hryvnia	**Sensitivity of ECL**
ECL allowance from Guaranteed Buyer SE receivables as of 31/12/2022 (debt for electricity sold before March 2022 and from August 2022 to December 2022)	
- ECL rate increase / (decrease) by 10%	42 / (42)
- The repayment term is extended / (shortened) by 6 months	4 / (4)
ECL allowance from Ukrenergo NPC receivables as of 31/12/2022 (debt from August 2022 to December 2022)	
- ECL rate increase / (decreased) by 10%	6 / (6)
- The repayment term is extended / (shortened) by 3 months	1 / (13)

As of 31 December 2021, the expected credit loss rates related to Guaranteed Buyer SE' receivables were estimated in the range from 4.11% (for the debt related to the electricity sold in 2021) to 4.30% (for the debt related to the electricity sold in 2020). The Group recognized reversal of impairment losses on trade receivables in the amount of UAH 189 million during the year ended 31 December 2021, and the total loss allowance on trade receivables as of 31 December 2021 was UAH 181 million.

4 Critical Accounting Estimates and Judgements (continued)

As of 31 December 2021, the expected credit loss rate related to Ukrenergo NPC receivables was 7.46%. The Group recognized impairment losses on trade receivables in the amount of UAH 1 million during the year ended 31 December 2021, and the total loss allowance on trade receivables as of 31 December 2021 was UAH 1 million.

Impairment of non-financial assets. The Group is required to perform impairment tests for cash-generated units where impairment indicators are identified. One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit. Management critical accounting estimates and judgements related to determination of recoverable values of property, plant and equipment, intangible assets and other non-current assets are further disclosed in Note 8 of the Consolidated Financial Statements.

Impairment of property, plant and equipment located on the temporarily occupied territory. Management has determined that inability to operate the tangible assets does not require the derecognition of these assets as the Group still holds the legal title over these assets and inability to operate the assets might be temporary. Moreover, the Group may still be able to receive compensation for the assets through international courts. As such, during 2022, the management of the Group has performed an impairment assessment of respective property, plant and equipment, thus recognising UAH 2,254 million as decrease of previously recognised revaluation in other comprehensive income and UAH 10,897 million as impairment charge in profit and loss during 2022. Would the judgement be made that the assets are derecognised before they are impaired, the whole amount of UAH 10,921 million of decrease of carrying value of property, plant and equipment would need to be charged as impairment in profit and loss (Note 8).

Measurement of the loans in default. Following the events of default in respect of the bank and non-bank borrowings disclosed in Note 3 of the Consolidated Financial Statements, the Group reclassified these borrowings as current borrowings as of 31 December 2022. However, none of the creditors exercised their right for accelerated repayment in respect of the principal amounts and management expects that the creditors will agree to waive the breaches of the covenants and revise the terms of payment on existing loans. Management continues to measure defaulted loans based on the expected cash flows by using the current effective interest rate and recognized such loans at amortized cost. As of 31 December 2022, the unamortised discount on the borrowings is amounted to UAH 1,048 million, which would be written-off and recognized as finance costs if the debts expected to be repaid immediately.

Useful lives of commissioned facilities. During 2019, the Group commissioned Nikopol Solar Power Plant and Pokrovsk Solar Power Plant. When determining useful lives for depreciation of solar panels and invertors installed and these facilities, the management considered primarily future regulatory developments, namely cessation of the feed-in tariffs in Ukraine since 2030. Consequently, useful lives of solar power generation equipment at these facilities were determined as 15 years. If useful lives of solar panels and invertors installed had been 5 years longer, annual depreciation would have been UAH 153 million lower (in 2021: UAH 123 million lower).

Tax legislation. Ukrainian tax, currency and customs legislation continues to evolve. Conflicting regulations are subject to varying interpretations. Management assesses its interpretations are appropriate and sustainable, but no guarantee can be provided against a challenge from the tax authorities.

Related party transactions. In the normal course of business, the Group enters into transactions with related parties on arm`s length principal basis. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions. Financial instruments are recorded at origination at fair value using the effective interest method. The Group’s accounting policy is to record gains and losses on related party transactions in the income statement. The basis for judgement is pricing for similar types of transactions with unrelated parties and an effective interest rate analysis.

Change in estimate. For the period ended 31 December 2021, ECL rate was calculated based on credit spread implicit in the average yield on bonds of similar credit risk companies and adjusted for maturity, risk free rate and liquidity premium. For the period ended 31 December 2022, as a result of significant speculative influence on individual counterparties’ bonds yields and consequent distortion of default rate, calculated on their basis, the Group changed the approach to determination of default rate of counterparties, majority group of which is represented by the related parties, according to which the ECL rate is calculated based on default rates corresponding to Fitch credit rating set for country of counterparty’s operations or a counterparty where relevant and adjusted for weighted average loss given default determined according to Fitch recovery rates.

5 Adoption of New or Revised Standards and Interpretations

New and amended standards adopted by the Group. The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022: Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

5 Adoption of New or Revised Standards and Interpretations (continued)

- **The amendment to IAS 16** prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

- **The amendment to IAS 37** clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

- **IFRS 3** was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

- **IFRS 1** allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

- **The amendment to IFRS 9** addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

- **Illustrative Example 13 that accompanies IFRS 16** was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

- The requirement for entities to exclude cash flows for taxation when measuring fair value under **IAS 41** was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the amendments had no significant impact on the Group's consolidated financial statements.

The following new standards, which are relevant to the Group, have been endorsed by European Union:

- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

5 Adoption of New or Revised Standards and Interpretations (continued)

The following new standards, which are relevant to the Group, have been issued, but have not been endorsed by European Union:

- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current, deferral of effective date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022) – Amendments to IAS 1 - effective for annual periods beginning on or after 1 January 2024).

The new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

6 Segment information

The Management Board is the Group's chief operating decision-maker.

The Management Board has determined the operating segments used for disclosure by the Group based on reports reviewed by the Management Board for the purposes of assessing performance.

The Management Board assesses the performance of the operating segments based on a measure of Adjusted EBITDA (referred to as 'Segment result'). This measurement basis represents profit for the year after excluding the following income statement items: foreign exchange losses or gains, income tax expense, impairment of financial and non-financial assets, finance income and expenses except for interest accrued on current accounts, the financial component in revenue (Notes 4 and 19), depreciation and amortisation and some non-recurring transactions: remeasurement of the liability for acquisition of intangibles (Notes 18, 23), income on disposal of subsidiary (Notes 1, 23); and expenses related to disposed subsidiary.

The Management Board considers the business from the type of production facilities perspective and aggregates operating segments for presentation purposes based on the nature of the production facility – wind or solar power plant facilities.

The following operating segments are analysed by the Management Board being also the reportable segments:

- Wind power plants facilities (both currently operating and under construction or development);
- Solar power plants facilities;
- Administrative and other entities.

'Administrative and other entities' segment refers to administrative and financing support entities and unit which provides construction and maintenance service. In 2022, the segment result for 'Administrative and other entities' includes UAH 63 million (2021: UAH 163 million) of expenses paid on bonds issued to a related party.

The Group's business is managed centrally and there is no significant interdependence between the segments. The reporting format is based on the Group's management and internal reporting structure. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those transfers are eliminated on consolidation. Revenues of both wind and solar power plants are recognised from Guaranteed Buyer SE and compensation for the curtailments of electricity generation is recognised from Ukrenergo NPC, customers which are located in Ukraine. Revenue of administrative and other entities is related to professional service provided to a related party outside of Ukraine (Note 7). Sales to other segments are related to the construction and professional services between the subsidiaries of the Group.

6 Segment information (continued)

Segment information for the reportable segments of the Group for the year ended 31 December 2022 is as follows:

In millions of Ukrainian Hryvnia	**Wind power plants**	**Solar power plants**	**Administ-rative and other entities**	**Elimi-nation**	**Total**
Sales – external	1,137	2,074	26	-	3,237
Compensation for the curtailments of electricity generation	27	623	-	-	650
Imbalances compensation	(109)	(430)	-	-	(539)
Sales to other segments	-	-	557	(557)	-
Total of the reportable segments' revenue	**1,055**	**2,267**	**583**	**(557)**	**3,348**
Segment result	**845**	**2,119**	**(299)**	**(56)**	**2,609**
Net foreign exchange gains on operating activity	-	-	-	-	27
Net foreign exchange losses on financing and investing activities	-	-	-	-	(3,495)
Finance costs net of finance income not included in Segment result	-	-	-	-	(1,035)
Net reversal of impairment on financial assets	-	-	-	-	129
The financial component recognized (Note 4)	(2)	(400)	-	-	(402)
Net gain on derecognition of equipment components and prepayment for property, plant and equipment and recognition of other receivables and non-current assets held for sale (Note 23)	924	-	-	-	924
Remeasurement of the liability for acquisition of intangibles (Note 23)	-	-	113	-	113
Depreciation and amortization	(240)	(712)	(9)	-	(961)
Impairment of property, plant and equipment, intangible assets and other non-current assets	(13,595)	(193)	(26)	-	(13,814)
Other management adjustments	-	-	-	-	(3)
Profit before income tax					**(15,908)**
Capital expenditure	2,587	-	2	-	2,589

6 Segment information (continued)

Segment information for the reportable segments of the Group for the year ended 31 December 2021 is as follows:

In millions of Ukrainian Hryvnia	**Wind power plants**	**Solar power plants**	**Administ-rative and other entities**	**Elimi-nation**	**Total**
Sales – external	4,919	2,681	14	(10)	7,604
Compensation for the curtailments of electricity generation	138	171	-	-	309
Imbalances compensation	(95)	(77)	-	-	(172)
Total of the reportable segments' revenue	**4,962**	**2,775**	**14**	**(10)**	**7,741**
Segment result	**4,438**	**2,624**	**(449)**	**(25)**	**6,588**
Net foreign exchange losses					(92)
Net foreign exchange gains on financing and investing activities					1,621
Finance costs net of finance income not included in Segment result					(1,022)
Net reversal of impairment on financial assets					183
Other					(34)
Depreciation and amortisation	(932)	(727)	(3)	-	(1,662)
Profit before income tax					**5,582**
Capital expenditure	10,355	5	12	-	10,372

7 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, *Related Party Disclosures*. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Other related parties represent entities with significant concentration of transactions, but which are not under common control.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December is detailed below:

	31 December 2022				**31 December 2021**			
In millions of Ukrainian Hryvnia	**Parent**	**DTEK GROUP B.V. Subsidiaries**	**Entities under common control of SCM**	**Key Manage ment person-nel**	**Parent**	**DTEK GROUP B.V. Subsidiaries**	**Entities under common control of SCM**	**Key Managem ent personnel**
Prepayments for property, plant and equipment and intangible assets	-	2	-	-	-	1	-	-
Long-term other receivables (Note 14)	497	-	-	-	-	-	-	-
Trade and other receivables	1	314	-	-	13	5	1	-
Loans receivable from related party (Note 12)	-	3,005	-	-	2,450	2,182	459	-
Cash and cash equivalents – current account	-	-	712	-	-	-	275	-
Bonds issued (Note 17)	-	(670)	-	-	-	(1,487)	-	-
Borrowings (Note 17)	-	(87)	-	-	-	(2,692)	-	-
Trade and other payables	(21)	(151)	(6)	-	(4)	(44)	-	-
Dividends payable (Note 16)	-	(3)	-	(21)	(159)	(3)	-	(25)

7 Balances and Transactions with Related Parties (continued)

The income, operating and capital expenditure items with related parties for the years ended 31 December were as follows:

In millions of Ukrainian Hryvnia	**Parent**	**DTEK GROUP B.V. Subsidiaries**	**2022 Entities under common control of SCM**	**Parent**	**DTEK GROUP B.V. Subsidiaries**	**2021 Entities under common control of SCM**
Revenue (Note 19)	-	26	-	-	-	-
Purchase of services	(11)	(138)	(9)	(18)	(133)	(19)
Other operating income	-	-	-	-	(1)	-
Interest income on current bank accounts	-	-	52	-	-	3
Gain on recognition of borrowings from related parties	-	67	-	-	61	-
Unwinding of discount on borrowings obtained from related parties	-	(44)	-	-	(25)	-
Interest expense on bonds issued	-	(295)	-	-	(295)	-
Interest income on loans receivable	43	179	19	137	138	39
Net (impairment losses) / reversal of impairment losses on other financial assets	228	(322)	32	(88)	86	(9)

As of 31 December 2022, dividends payable includes UAH 21 million accrued to key management personnel of one of the parents of the Group (2021: UAH 25 million).

In 2022, the Group did not accrue the dividends to the key management personnel (2021: UAH 27 million).

In December 2022, the Group replenished DSA/DSRA by EUR 10 million (or equivalent of EUR 375 million at UAH/EUR exchange rate effective on the dates of transactions) through related party which acted as an agent. The replenishment was carried out through funds of the financed subsidiaries, which were the Borrowers under respective loans agreements.

During 2022, the Group entered into a series of non-cash transactions with related parties described in Note 12 of the Consolidated Financial Statements.

Key management personnel compensation. Key management personnel are represented by the Management Board of the Company and key executives of the Company's subsidiaries. In 2022, the total compensation to key management personnel included in administrative expenses amounted to UAH 40 million (2021: UAH 45 million) and decreased compared to 2021 mainly as a result of changes in key management personnel composition and respective decrease in number of employees included in key management personnel. Compensation to the key management personnel consists of salary, bonus payments and social contribution costs.

8 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of Ukrainian Hryvnia	Buildings and structures	Plant and machinery	Furniture, fittings and equipment	Prepayments for PPE and Construction in progress	Total
NBV at 1 January 2021	**4,608**	**18,573**	**14**	**164**	**23,359**
At 1 January 2021					
Cost or valuation	5,051	20,071	23	164	25,309
Accumulated depreciation	(443)	(1,498)	(9)	-	(1,950)
Additions	7	1	21	9,915	9,944
Disposals	-	-	(2)	(7)	(9)
Depreciation charge	(369)	(1,265)	(7)	-	(1,641)
Transfer	127	290	4	(421)	-
NBV at 31 December 2021	**4,373**	**17,599**	**30**	**9,651**	**31,653**
At 31 December 2021					
Cost or valuation	5,185	20,360	46	9,651	35,242
Accumulated depreciation	(812)	(2,761)	(16)	-	(3,589)
Additions	-	-	-	2,589	2,589
Disposals	-	(4)	(7)	(1)	(12)
Depreciation charge	(280)	(629)	(10)	-	(919)
Derecognition of prepayments	-	-	-	(4,791)	(4,791)
Transfer to non-current assets held for sale	-	-	-	(1,462)	(1,462)
Transfer to other non-current assets	-	-	-	(28)	(28)
Disposal of subsidiary	(5)	-	-	-	(5)
Reversal of revaluation of property, plant and equipment through other comprehensive loss	(209)	(2,060)	(2)	(4)	(2,275)
Impairment of property, plant and equipment charged to income statement	(1,379)	(10,880)	(9)	(1,336)	(13,604)
Transfer	237	2,084	1	(2,322)	-
NBV at 31 December 2022	**2,737**	**6,110**	**3**	**2,296**	**11,146**
At 31 December 2022					
Cost or valuation	5,417	22,440	40	3,636	31,533
Impairment	(1,588)	(12,940)	(11)	(1,340)	(15,879)
Accumulated depreciation	(1,092)	(3,390)	(26)	-	(4,508)
NBV without revaluation at 31 December 2021	**3,897**	**15,681**	**32**	**9,651**	**29,261**
NBV without revaluation at 31 December 2022	**2,696**	**6,104**	**3**	**2,296**	**11,099**

In 2022, the depreciation expense of UAH 899 million (2021: UAH 1,635 million) was included into cost of sales, UAH 6 million (2021: UAH 2 million) in general and administrative expenses and UAH 14 million (2021: UAH 4 million) in other operating expenses.

As of 31 December 2022, the Group erected fourteen turbines in DTEK TILIGULSKA WEP LLC. Generation was started after receiving a feed-in tariff in January 2022. Since the date of the Russian invasion until October 2022, the Group has suspended the construction at DTEK TILIGULSKA WEP LLC and, accordingly, the capitalization of borrowings cost. During 2022, the Group had capitalised borrowing costs in the amount of UAH 225 million and capitalized foreign exchange losses related to specific borrowings cost in the amount UAH 106 million. The rate of capitalization amounted 8.3% per annum (during the year ended 31 December 2021: UAH 442 million using a rate of 8.9% per annum).

In 2022, additions of construction in progress mainly consists of capital expenditures and prepayments related to DTEK TILIGULSKA WEP LLC and amounted to UAH 2,554 million (in 2021: mainly consists of capital expenditures and prepayments related to DTEK TILIGULSKA WEP LLC and amounted to UAH 9,853 million).

As of 31 December 2022, the Group's property, plant and equipment carried at UAH 3,797 million have been pledged as collateral for borrowings (31 December 2021: UAH 15,372 million) (Note 17). The pledge of property, plant and equipment should be effective throughout the borrowing periods.

8 Property, Plant and Equipment (continued)

Impairment assessment as of 31 December 2022

As a result of the factors described in Note 2 of the Consolidated Financial Statements, management determined that as of 31 December 2022, there were indicators of impairment with respect to property, plant and equipment of the Group and ran an impairment test. The Group identifies each production wind power plant/solar power plant as a cash-generating unit (CGU). The recoverable amount of each CGU was determined based on value-in-use calculations.

Key General Assumptions used were:

Assumptions	Assumptions' value
The forecast period	Based on the residual useful life
Electricity tariff	On feed-in tariff till 2030, and on projected market tariff from 2030
Generation volumes	Based on historical data of the operating installed capacity of the plant (only for solar power plants: with 0.9% decrease per year due to degradation of solar panels)
Discount rate	Post-tax weighted average cost of capital: Until 2028: 29,3% - From 2028: 19,0%
Average imbalances from annual generation	6.3%
Compensation of feed-in tariffs from Ukrenergo NPC to Guaranteed Buyer SE	Resumed in January 2023
The average level of repayment of current debts of Guaranteed Buyer SE / Ukrenergo NPC starting from 2023	2023: 87% in current year; 12% in 2024; 2024 and further: 90% in current year and remaining 10% during the next year

Wind power plants

As of 31 December 2022, four of five wind power plants are located on territory currently not controlled by the Ukrainian government. From 25 February 2022 the plants are temporary idle. On 30 September 2022, the Russian Federation announced the illegal annexation of parts of the Ukrainian territory, which included the territory where the plants are located, which is not recognized by the Ukrainian government and the international community. The plants were impaired to their recoverable amount UAH 24 million. The significant impairment was caused by uncertainties related to the full-scale invasion, and management is currently unable to accurately estimate the impact and timing of military actions. Management expects the impairment of wind power plants will be reversed after the respective territory will be liberated. The amount of impairment of property, plant and equipment recognised in the consolidated income statement is UAH 10,897 million and UAH 2,254 million in other comprehensive income. No impairment of property, plant and equipment was recognised in the previous period.

In 2021, the Group was engaged in the construction of DTEK TILIGULSKA WEP LLC wind farm. After the outbreak of hostilities in Ukraine, the construction of stations was temporary suspended. As of the date of these consolidated financial statements, the Group erected 14 turbines at DTEK TILIGULSKA WEP LLC. As of 31 December 2022, the Group had another 5 full sets of WTG (each has project capacity of 6 MW per 1 WTG) which were already erected as of signing date of these consolidated financial statements. The Group performed an impairment test for property, plant and equipment of DTEK TILIGULSKA WEP LLC and concluded that the recoverable amount was lower than net book value due to economic obsolescence. The amount of impairment of property, plant and equipment and construction in progress, which expected to be put into operation, is UAH 2,511 million. The recoverable amount was calculated at the level of UAH 3,613 million. No impairment of property, plant and equipment was recognised in the previous period. To perform the impairment test, the Group used the post-tax cash flow projection based on financial budgets covering the period until the end of the useful life of the plants (until 2041).

Inputs used in the value in use measurement for Level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2022:

Inputs used	Reasonable change	Sensitivity of value in use measurement
Post-tax weighted average cost of capital	(Increase) / Decrease by 10%	(1,623) / 3,815
The level of repayment of current debts	Increase / (Decrease) by 10%	121 / (125)
The compensation of feed-in tariffs to Guaranteed Buyer SE	Resumed in 2023, as expected / Is absent	- / (414)
Generation volumes	Will be higher / (lower) by 10% than assumed	251 / (251)
Average imbalances	(Increase) / Decrease by 5%	(24) / 24

8 Property, Plant and Equipment (continued)

Solar power plant

As a result of the impairment test of DTEK POKROVSKA SOLAR FARM LLC and DTEK NIKOPOLSKA SOLAR FARM LLC, there was no impairment recognised. To perform the impairment test, the Group used the post-tax cash flow projection based on financial budgets covering the period until the end of the useful life of the plants (until 2034). The recoverable amount of the plants approximated the carrying amount as of 31 December 2022 and was amounted UAH 10,713 million.

The table below summarises the impact of changes in main assumptions with all other variables held constant on impairment of DTEK POKROVSKA SOLAR FARM LLC:

Inputs used	Reasonable change	Sensitivity of value in use measurement
Post-tax weighted average cost of capital	(Increase) / Decrease by 10 %	(1,406) / 2,475
The level of repayment of current debts	Increase / (Decrease) by 10 %	151 / (162)
The compensation of feed-in tariffs to Guaranteed Buyer SE	Resumed in 2023, as expected / Is absent	- / (534)
Generation volumes	Will be higher / (lower) by 10% than assumed	374 / (374)
Average imbalances	(Increase) / Decrease by 5%	(28) / 28

The table below summarises the impact of changes in main assumptions with all other variables held constant on impairment of DTEK NIKOPOLSKA SOLAR FARM LLC:

Inputs used	Reasonable change	Sensitivity of value in use measurement
Post-tax weighted average cost of capital	(Increase) / Decrease by 10 %	(1,063) / 1,863
The level of repayment of current debts	Increase / (Decrease) by 10 %	116 / (124)
The compensation of feed-in tariffs to Guaranteed Buyer SE	Resumed in 2023, as expected / Is absent	- / (409)
Generation volumes	Will be higher / (lower) by 10% than assumed	287 / (287)
Average imbalances	(Increase) / Decrease by 5%	(22) / 22

From mid-April to early October 2022, DTEK TRYFONIVSKA SOLAR FARM LLC was on the territory temporarily not controlled by the Ukrainian government. Following Russia's continuous shelling of the village of Tryfonivka from 30 April until 9 May 2022, DTEK TRYFONIVSKA SOLAR FARM LLC was forced to stop generating electricity because Russia had damaged the only power transformer at the substation of the local distribution system operator. On 2 October 2022, the territory where the DTEK TRYFONIVSKA SOLAR FARM LLC is located was liberated and since the end of December 2022 partially restored of electricity generation through temporary transmitting grids connections. Currently the management is assessing the level of damage to the plant. According to preliminary estimates, about 30% of the plant's assets were damaged.

As a result of the impairment test of DTEK TRYFONIVSKA SOLAR FARM LLC, there was concluded that the recoverable amount was lower than its net book value due to economic obsolescence. The plant was impaired to its recoverable amount of UAH 28 million, which was determined based on value-in-use calculations. The amount of impairment of property, plant and equipment in the consolidated income statement is UAH 129 million and UAH 21 million in other comprehensive income. No impairment of property, plant and equipment was recognised in the previous period. To perform the impairment test, the Group used the post-tax cash flow projection based on financial budget covering the period until the end of the useful life of the plant. This was discounted using the post-tax weighted average cost of capital of 29.3% until 2028 and 19.0% from 2028.

8 Property, Plant and Equipment (continued)

Inputs used in the value in use measurement of DTEK TRYFONIVSKA SOLAR FARM LLC for Level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2022:

Inputs used	Reasonable change	Sensitivity of value in use measurement
Post-tax weighted average cost of capital	(Increase) / Decrease by 10 %	(20) / 33
The level of repayment of current debts	Increase / (Decrease) by 10 %	20 / (21)
The compensation of feed-in tariffs to Guaranteed Buyer SE	Resumed in 2023, as expected / Is absent	- / (68)
Generation volumes	Will be higher / (lower) by 10% than assumed	22 / (22)
Average imbalances	(Increase) / Decrease by 5%	(1) / 1

Impairment assessment of other supplemental companies

As mentioned above, in the foreseeable future the Group does not expect development of new renewable energy projects, apart from the projects in progress. The other supplemental companies were impaired to their recoverable amount, which was close to nil. The Group accrued significant impairment allowance for construction in progress of other subsidiaries under development in the amount of UAH 67 million. The impairment loss was recognised directly in the consolidated income statement.

Prepayments for property, plant and equipment and received equipment for DTEK TILIGULSKA WEP LLC wind power plant

After Russian invasion in February 2022, management decreased the initial plan regarding expected capacity of the wind power plant to already erected 14 WTG with total capacity of 84 MW and additional 5 turbines available on the construction site which intended to be put into operation in the first half of 2023.

In December 2022, the Group reached the agreement to return the equipment components which won't be used for construction of the wind power plant and receive back prepayments for property, plant and equipment, including payments for returned equipment components. The Group is liable to return unnecessary equipment components during 2023. According to the agreement, the last payment for the equipment in the amount of EUR 25 million (equivalent UAH 974 million at UAH/EUR exchange rate effective on 31 December 2022) may be reduced by the amount of not returned equipment components. As a result of these transactions, the Group derecognized prepayments for property, plant and equipment in the amount UAH 4,791 million and equipment components in the amount of UAH 1,462 million with further recognition of the other receivables in the amount UAH 5,724 million (Note 14) and non-current assets held for sale in the amount of UAH 1,453 million (Note 13). As of 31 December 2022, the Group recognized net gain on derecognition of prepayment for property, plant and equipment components with further recognition of other receivables in the amount of UAH 933 million (Note 23) mainly due to recalculation based on current UAH/EUR exchange rate.

The equipment components with the carrying value of UAH 1,462 million were assessed at fair value less cost of disposal with recognition of impairment in the amount UAH 9 million (Note 23) and reclassification of these equipment components to the non-current assets held for sale in the amount of UAH 1,453 million (Note 13). Liabilities for purchased property, plant and equipment related to the part of returnable equipment components were derecognized with recognition of non-financial contract liabilities (Note 18).

9 Intangible assets

The movements in the carrying amount of intangible assets were as follows:

In millions of Ukrainian Hryvnia	**Rights to construct a wind power plant**	**Other intangible assets**	**Total**
NBV at 1 January 2021	**163**	**18**	**181**
At 1 January 2021			
Cost	163	22	**185**
Accumulated amortisation	-	(4)	**(4)**
Additions	-	9	**9**
Amortisation charge	-	(1)	**(1)**
NBV at 31 December 2021	**163**	**26**	**189**
At 31 December 2021			
Cost	163	31	**194**
Accumulated amortisation	-	(5)	**(5)**
Additions	-	1	**1**
Impairment of intangible assets	(53)	(10)	**(63)**
Amortisation charge	-	(1)	**(1)**
NBV at 31 December 2022	**110**	**16**	**126**
At 31 December 2022			
Cost	163	32	**195**
Impairment	(53)	(10)	**(63)**
Accumulated amortisation	-	(6)	**(6)**

The Group accrued impairment of intangible assets as a result of impairment test described in the Note 8 of the Consolidated Financial Statements.

Rights to construct a wind power plant. On 1 April 2019, the Group acquired 100% of the share capital of LLC TVE (subsequently renamed to DTEK TILIGULSKA WEP LLC). This transaction was accounted for as an acquisition of the group of assets that does not constitute a business. LLC TVE was established for development, construction, commissioning and operation of 500 MW wind farm located on the border of Mykolaiv and Odessa regions on the Tiligul coastline in Ukraine. At the date of purchase, the target possessed relevant land lease rights, had performed a wind monitoring survey and had obtained a right to connect to the grid. After acquisition, the Group started development of DTEK TILIGULSKA WEP LLC with a planned capacity of 498 MW.

Upon acquisition, the Group recognised an intangible asset, which refers to the Group's right to commence construction of the wind plant at capacity of 498 MW on the specified territory. The intangible asset is amortised on a straight-line basis under the useful life of the wind turbines upon commencement of electricity generation.

10 Other non-current assets

The movements in the carrying amount of other non-current assets were as follows:

In millions of Ukrainian Hryvnia	**Cost to connect to the grid**
NBV at 1 January 2021	**225**
At 1 January 2021	
Cost	248
Accumulated amortisation	(23)
Additions	435
Amortisation charge	(20)
NBV at 31 December 2021	**640**
At 31 December 2021	
Cost	683
Accumulated amortisation	(43)
Return of prepayment for other non-current assets	(3)
Reclassification from PPE	28
Impairment of other non-current assets	(147)
Amortisation charge	(41)
NBV at 31 December 2022	**477**
At 31 December 2022	
Cost	708
Impairment	(147)
Accumulated amortisation	(84)

In 2022, the amortisation expense of UAH 36 million (2021: UAH 20 million) was included into cost of sales and UAH 5 million (2021: UAH nill) in other operating expenses.

The Group accrued impairment of other non-current assets as a result of impairment test described in the Note 8 of the Consolidated Financial Statements.

11 Financial investments

In millions of Ukrainian Hryvnia	**31 December 2022**	**31 December 2021**
Non-current		
Restricted cash	-	1,279
Equity investments	2	2
	2	**1,281**
Current		
Restricted cash	192	-
	192	**-**
Total non-current and current financial investments	**194**	**1,281**

As of 31 December 2022, the restricted cash, which represents current financial investments ("Debt Service Account", or DSA and "Debt Service Reserve Account", or DSRA), is the cash held under the requirements of Facility Agreements with Bayerische Landesbank (31 December 2021: the cash under the requirements of the Novation Agreement with Landesbank Berlin AG, Facility Agreements with Bayerische Landesbank and Trust Deed with BNY Mellon) and denominated in EUR.

The restricted cash is pledged throughout the bank borrowings repayment periods and the Green bonds redemption period (Note 17).

The Group management agreed with the lenders to use the DSA/DSRA for its borrowing repayments. During 2022, the Group used cash from the DSA/DSRA in the amount of EUR 33 million (or the equivalent of UAH 1,119 million at the UAH/EUR exchange rate effective on the transactions dates) to pay interest on and to repay the principal amount of bank borrowings and EUR 14 million (or the equivalent of UAH 426 million at the UAH/EUR exchange rate effective on the transactions dates) to pay Green bond coupon (Note 17).

11 Financial investments (continued)

In 2022, the Group used mechanic replenishment the DSA/DSRA by EUR 10 million (or equivalent of UAH 402 million at UAH/EUR exchange rate effective on the transactions dates) including EUR 10 million (or equivalent of UAH 375 million at UAH/EUR exchange rate effective on the transactions dates) through related party which acted as an agent to service debt obligation through funds of the financed subsidiaries, which were the Borrowers under respective loans agreements. The part of the replenishment amount covered payments scheduled for December 2022. As of 31 December 2022, the Group had EUR 5 million (or equivalent of UAH 192 million at UAH/EUR exchange rate effective on 31 December 2022) funds on DSA/DSRA accounts related to one of the bank borrowings, which were sufficient to cover the next payment scheduled in March 2023.

During 2021, the Group has placed an additional EUR 6 million (or equivalent of UAH 184 million at UAH/EUR exchange rate effective on the transactions dates) in the DSA/DSRA of DTEK BOTIEVSKA WIND FARM LLC and withdrew EUR 2 million (or equivalent of UAH 62 million at UAH/EUR exchange rate effective on the transactions dates) from the DSA/DSRA of DTEK PRYMORSKA WIND FARM LLC and DTEK PRYMORSKA WIND FARM-2 LLC due to revision of the Relevant DSA/DSRA Required Balance in accordance with the facility agreements requirements.

The restricted cash is a non-interest-bearing asset. Financial investments are neither past due nor impaired. The carrying amounts of financial assets approximate their fair values.

Analysis by credit quality of restricted cash and short-term deposit is as follows:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Rating by Moody's Investors Service		
- Aa1 rated	-	427
- Aa2 rated	-	399
- Aa3 rated	192	453
Total restricted cash balances	**192**	**1,279**

As of 31 December 2022, financial investments in the amount of UAH 192 million are denominated in EUR (31 December 2021: UAH 1,279 million) and in the amount of UAH 2 million are denominated in UAH (31 December 2021: UAH 2 million).

12 Loans receivable

As of 31 December, loans receivable were as follows:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Non-current		
Loans receivable from related parties	16	4,738
Interest receivable	1	292
	17	**5,030**
Current		
Loans receivable from related parties	2,758	55
Interest receivable	230	6
	2,988	**61**
Total non-current and current loans receivable	**3,005**	**5,091**

Loans receivable were denominated in the following currencies:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
USD	2,598	1,966
EUR	402	3,069
UAH	5	56
Total loans receivable	**3,005**	**5,091**

As of 31 December 2022, loans granted to related parties and interest accrued in the amount of UAH 2,982 million were reclassified to current part based on their maturity and expected terms of settlement.

In 2022 the Group capitalized interest not received on loans provided to related parties in the amount of EUR 5 million and USD 5 million or the equivalent of UAH 156 million and UAH 123 million, respectively, at exchange rates effective on the transaction dates (2021: EUR 8 million and USD 10 million or the equivalent of UAH 296 million and UAH 267 million, respectively, at exchange rates effective on the transaction dates).

12 Loans receivable (continued)

Loans receivable were granted to related parties to place temporarily available cash in EUR and USD and to earn interest. The effective interest rates of loans receivable denominated in EUR as of 31 December 2022 were in the range of 5.0% - 11.0% per annum (31 December 2021: in the range of 5.0% - 6.1% per annum) and in USD – in the range of 6.0% - 7.1% per annum (31 December 2021: in the range 6.0% - 7.1% per annum). The Group does not hold any collateral for these financial assets. Management expects that accrued interest receivable will be capitalized and added to the outstanding principal amount of the respective loan.

As of 31 December 2022, the gross carrying amount of loans receivable by credit risk stages are presented below:

In millions of Ukrainian Hryvnia	**Gross amount**	**Provision for impairment**	**Carrying amount**
Stage 1 (12-months ECL)	3,599	(599)	3,000
Stage 2 (lifetime ECL for SICR)	5	0	5
Stage 3 (lifetime ECL for credit impaired)	2	(2)	-

As of 31 December 2021, the gross carrying amount of loans receivable by credit risk rating grades are presented below:

In millions of Ukrainian Hryvnia	**Gross amount**	**Provision for impairment**	**Carrying amount**
Stage 1 (12-months ECL)	5,600	(565)	5,035
Stage 2 (lifetime ECL for SICR)	57	(1)	56
Stage 3 (lifetime ECL for credit impaired)	2	(2)	-

There were no movements of the loans receivable balances between credit risk stages during 2022 and 2021.

Movements in the provision for loans receivable were as follows:

In millions of Ukrainian Hryvnia	**2022**	**2021**
Provision for impairment at 1 January	**568**	**600**
Movements with impact on credit loss allowance charge for the period:		
- Provision for impairment during the year	120	30
- Reversal of the provision	(398)	(180)
- Changes in estimates and assumptions	227	159
Exchange rate difference	84	(41)
Provision for impairment at 31 December	**601**	**568**

As of 31 December 2022, the gross carrying amount of loans receivable from related parties was UAH 3,606 million (31 December 2021: UAH 5,659 million). In 2021, the expected credit loss rate for loans receivable from related parties was determined based on adjusted yield to maturity of bonds of the respective related party. In 2022, the Group changed the approach to determination of default rate, according to which Fitch credit rating set for counterparties is adjusted for the weighted average loss default rate determined according to Fitch recovery ratings (Note 4).

As of 31 December 2022, for loans with total nominal amount of UAH 3,599 million, the Group applied expected credit loss rates in the range from 16.6% to 22.2% based on 12 months expected credit losses, for loan with total nominal amount of UAH 7 million the Group applied ECL rates on the range from 1.8% to 100.0% based on life-time expected credit losses. As of 31 December 2021, for loans with total nominal amount of UAH 5,600 million, the Group applied expected credit loss rates in the range from 7.7% to 10.3% based on 12 months expected credit losses, for loan with total nominal amount of UAH 59 million the Group applied ECL rates on the range from 0.9% to 100.0% based on life-time expected credit losses.

The total loss allowance as of 31 December 2022 was UAH 601 million (31 December 2021: UAH 568 million). If the expected credit loss rates for loans receivables from related parties were 10% higher than currently estimated, the impairment provision as of 31 December 2022 would be UAH 361 million higher and the consolidated loss before tax for the year ended 31 December 2022 would be UAH 361 million higher.

12 Loans receivable (continued)

Cash and non-cash movements in the loans receivable during the period are as follows:

In millions of Ukrainian Hryvnia	2022	2021
Opening balance as of 1 January	**5,091**	**7,713**
Cash movements		
Loans and financial aid provided	998	1,360
Proceeds from loans and financial aid provided	(52)	(3,779)
Interest received	(4)	-
Non-cash movements		
Net impairment gain / (loss)	51	(9)
Net foreign exchange gain / (loss)	840	(508)
Finance income (Note 22)	241	314
Set-off of loans provided to related parties against borrowings (Note 17)	(2,813)	-
Assignment of loans to related parties (Note 14)	(1,347)	-
Closing balance as of 31 December	**3,005**	**5,091**

During 2022, the Group entered into a series of non-cash transactions with related parties, including that the Group effectively offset its loans receivable from related parties, both those which were granted in 2022 before the outbreak of hostilities and those that were issued earlier, with borrowings payable to related parties in the amount of UAH 2,813 million (Note 17). Also the UAH 1,347 million of rights to claim loans from related parties were reassigned to another related party with recognition of a short-term assigned receivables (Note 14). As a result of these transactions the Group recognised reversal of the provision in the amount UAH 398 million.

In November 2022, UAH 1,017 million of the remaining assignment receivables was further settled (Note 14, 17).

13 Non-current assets held for sale

As of 31 December 2022, non-current assets held for sale are represented by the equipment components in the amount of UAH 1,453 million which were acquired for the DTEK TILIGULSKA WEP LLC construction. Due to the circumstances described in Note 2 and following the revision of the initial plan of construction of the plant (Note 8), there is an uncertainty about when the remaining part of the originally planned capacity will be put into operation. Management agreed to return unnecessary components to the producer in 2023. As a result, the Group reclassified the equipment from construction in progress to non-current assets held for sale and recognised impairment related to the equipment in the amount of UAH 9 million (Note 23). As of 31 December 2022, assets held for sale were recognized by fair value using contractual prices of the returnable components less costs of disposal.

14 Trade and Other Receivables

Trade and other receivables were as follows:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Non-current		
Long-term other receivables from Parent (less provision of UAH 51 million)	497	-
Total non-current receivables	**497**	**-**
Current		
Other receivables (less provision of UAH nil million)	3,272	-
Trade receivables (31 December 2022: less provision of UAH 127 million)	1,584	4,121
Assigned receivables from related parties (less provision of UAH 55 million) (Note 12)	275	-
Other current financial assets (31 December 2022: less provision of UAH 17 million)	29	12
Total current financial assets	*5,160*	*4,133*
VAT recoverable	644	890
Prepayments to suppliers (31 December 2022: less provision of UAH 21 million)	65	98
Total current non-financial assets	*709*	*988*
Total current receivables	**5,869**	**5,121**
Total receivables	**6,366**	**5,121**

Due to the circumstances described in Note 8, as of 21 December 2022 the Group recognized other receivables with nominal value EUR 150 million in the amount of UAH 5,724 million assessed based on discounted cash flows at the rate 3.47%. The discount rate was determined based on adjusted yield to maturity of counterparty bonds. At the end of December 2022, the Group received the partial repayment of other receivables in the amount of UAH 1,942 million (or equivalent of EUR 50 million at UAH/EUR exchange rate effective on the transactions dates), the cash flow from repayment of the other receivables was recognized as investing activity in consolidated statement of cash flows. During 2022, the Group recognised unwinding of discount in the amount of UAH 21 million related to other receivables (Note 22). As of 31 December 2022, the Group assessed the allowance for expected credit losses on the other receivables and concluded that its amount is insignificant. In 2022, the result of transaction described above was recognized in consolidated statement of cash flows as investing activities.

Part of the other receivables recognized based on circumstances described in Note 8 was reassigned to the Parent in the amount EUR 14 million (or equivalent of UAH 548 million at UAH/EUR exchange rate effective on the transaction date) with the maturity till 1 November 2024 and deferral annual fee of 11.1% with recognition of the long-term other receivables from Parent. Fair value of these receivables at the date of origination was calculated with reference to the contractual cash flows and deferral rate determined on the market level for similar instruments with third party companies. As of 31 December 2022, the credit loss allowance was charged as 12 months ECL credit losses by rate 9.2% determined based on observable statistics of financial markets EU adjusted for the risk-free rate. The reassignment transaction was performed in several steps. As a result of the transaction, the Group has incurred counter debts with related parties which were settled in the January 2023. The Group set-off these counter debts (Note 18) in consolidated balance sheet as of 31 December 2022 in the amount of UAH 548 million.

Due to the circumstances described in Note 4, trade receivables from Guaranteed Buyer SE and Ukrenergo NPC which have arisen since March to July 2022 are recognised as an originated credit-impaired asset (POCI). The credit loss allowance for the receivables which have arisen before March 2022 and since August 2022 are recognised based on lifetime ECL. Information about the allowance for expected credit losses by Guaranteed Buyer SE and Ukrenergo NPC is disclosed in Note 4 of the Consolidated Financial Statements.

In November 2022 the Group used proceeds from collection of short-term assigned receivables in the amount of UAH 1,017 million, recognized as a result of non-cash transactions described in Note 12, to purchase bonds issued by one of subsidiary of the Group. The long-term bonds were held by the related parties (Note 17). The transaction will be finalised by transfer in the depository books in 2023 to decrease the amount of bonds issued to related parties through elimination with lowering effect on the total burden of interest payments in the subsequent periods on the Group. Liability on bonds is considered extinguished by the Group despite the fact that the formal legal transfer was not yet completed as of 31 December 2022, therefore the Group offset payments for own bonds with the related bonds liabilities to related parties without early repayment of these liabilities by the subsidiary issued the bonds (Note 17).

As of 31 December 2022, the Group placed a deposit in connection with certain leased tools in the amount of UAH 10 million. The deposit is a non-interest-bearing asset that will be returned to the Group after the end of the lease. The deposit was classified as other current financial receivables.

As of 31 December 2022, trade and other receivables in the amount of UAH 3,812 million are denominated in EUR; in the amount of UAH 2,540 million are denominated in UAH; in the amount of UAH 12 million are denominated in GBP and UAH 2 million are denominated in USD. As of 31 December 2021, trade and other receivables are denominated in UAH.

14 Trade and Other Receivables (continued)

Movements in the impairment provision for trade and other receivables are as follows:

In millions of Ukrainian Hryvnia		2022		2021
	Financial receivables	Non-financial receivables	Financial receivables	Non-financial receivables
Provision for impairment at 1 January	**181**	**15**	**383**	**1**
Net movement in the provision for impairment during the year	69	6	(202)	14
Provision for impairment at 31 December	**250**	**21**	**181**	**15**

The following table provides information about the exposure to credit risk and ECLs for financial receivables as of 31 December 2022:

In millions of Ukrainian Hryvnia	Expected loss rate	Gross carrying amount	Basis
Other receivables	nil	3,272	Fitch credit rating set for counterparties adjusted for the weighted average loss default rate based on Fitch recovery ratings
Financial receivables from Guaranteed Buyer SE (debt for electricity sold before 1 March 2022 and after 1 August 2022)	25.2%	1,388	Default rate set for counterparty according to Fitch credit rating adjusted for recovery ratings
Long-term other receivables from Parent	9.2%	548	Based on observable statistics of financial markets EU adjusted for the risk-free rate
Financial receivables from related parties and other receivables	12.6%-22.2%	402	Fitch credit rating set for counterparties adjusted for the weighted average loss default rate based on Fitch recovery ratings
Financial receivables from Ukrenergo NPC (debt for service provided after 1 August 2022)	25.2%	297	Default rate set for counterparty according to Fitch credit rating adjusted for recovery ratings

The following table provides information about the exposure to credit risk and ECLs for financial receivables as of 31 December 2021:

In millions of Ukrainian Hryvnia	Expected loss rate	Gross carrying amount	Basis
Financial receivables from Guaranteed Buyer SE (debt before 1 August 2020)	4.30%	2,410	Based on adjusted yield to maturity of government bonds, including respective time-value of money effect
Financial receivables from Guaranteed Buyer SE (debt for electricity sold in 2021)	4.11%	1,876	Based on adjusted yield to maturity of government bonds, including respective time-value of money effect
Financial receivables from Ukrenergo NPC	7.46%	16	Based on adjusted yield to maturity of government bonds
Financial receivables from related parties and other receivables	7.73%-10.66%	12	Based on adjusted yield to maturity of corporate bonds

As of 31 December 2022, the gross carrying amount of financial receivable by credit risk stages are presented below:

In millions of Ukrainian Hryvnia	Gross nominal amount	Financial component (including POCI)	Gross carrying amount	ECL	Net carrying amount
Stage 1 (12-months ECL)	4,213	(63)	4,150	(106)	4,044
Stage 2 (lifetime ECL for SICR)	72	-	72	(21)	51
Stage 3 (lifetime ECL for credit impaired)	630	(26)	604	(123)	481
Purchased or originated credit-impaired financial assets (POCI)	1,264	(183)	1,081	-	1,081
Total	**6,179**	**(272)**	**5,907**	**(250)**	**5,657**

14 Trade and Other Receivables (continued)

As of 31 December 2021, the gross carrying amount of financial receivable by credit risk rating grades are presented below:

In millions of Ukrainian Hryvnia	**Gross nominal amount**	**Financial component (including POCI)**	**Gross carrying amount**	**ECL**	**Net carrying amount**
Stage 1 (12-months ECL)	12	-	12	-	12
Stage 3 (lifetime ECL for credit impaired)	4,302	-	4,302	(181)	4,121
Purchased or originated credit-impaired financial assets (POCI)	-	-	-	-	-
Total	**4,314**	**-**	**4,314**	**(181)**	**4,133**

There were no movements of the trade and other receivable balances between credit risk stages during 2022 and 2021.

As of 31 December 2022, the Group has pledged UAH 571 million (31 December 2021: UAH 2,561 million) of trade receivables due at that date, as well as rights to future trade receivables to be due for selling contracts with Guaranteed Buyer SE, as collateral for certain bank and non-bank borrowings (Note 17). The pledge of trade receivables should be effective throughout the borrowing periods.

15 Cash and Cash Equivalents

As of 31 December, cash and cash equivalents were as follows:

In millions of Ukrainian Hryvnia	**31 December 2022**	**31 December 2021**
Bank balances payable on demand	3,443	896
Total cash and cash equivalents	**3,443**	**896**

Amounts on cash and cash equivalents were denominated in the following currencies:

In millions of Ukrainian Hryvnia	**31 December 2022**	**31 December 2021**
EUR	2,846	284
UAH	591	612
USD	6	-
Total cash and cash equivalents	**3,443**	**896**

As of 31 December 2022, bank balances payable on demand in the amount of UAH 1,100 million are placed with the Ukrainian banks under NBU restrictions, which were implemented since the end of February 2022 and which remained in force till the signing date of these consolidated financial statements. These restrictions include restrictions on foreign exchange transactions and capital movements including restrictions on interest and dividend payments in foreign currencies (31 December 2021, no restrictions: UAH 876 million). The remaining amount of the bank balances payable on demand in the amount of UAH 2,343 million is placed with banks located abroad (31 December 2021: UAH 20 million).

Analysis by credit quality of bank balances is as follows:

In millions of Ukrainian Hryvnia	**31 December 2022**	**31 December 2021**
Rating by Moody's Investors Service		
- A1 rated	95	-
- A2 rated	298	20
- A3 rated	1,948	-
- B2 rated	-	493
- B3 rated	-	3
- Ba2 rated	3	-
- Caa2 rated	313	-
- non-rated	786	380
Total cash and cash equivalents	**3,443**	**896**

As of 31 December 2022, cash and cash equivalents in the amount of UAH 490 million (31 December 2021: UAH 614 million) and future rights to certain bank accounts and bank account agreements were pledged as collateral for certain bank and non-bank borrowings. The pledge of cash and cash equivalents is effective throughout the borrowing repayment periods and does not restrict the use of cash and cash equivalents (Note 17).

16 Share capital and Dividends payable

Both as of 31 December 2022 and as of 31 December 2021 the authorised and issued ordinary share capital amounted to EUR 1,000 divided into 1000 shares with a par value of EUR 1 per share each. All issued shares were fully paid. All shares carry one vote.

Movements in the dividends payable balance in the Ukrainian Hryvnia equivalent during the period are as follows:

In millions of Ukrainian Hryvnia	2022	2021
Opening balance as of 1 January	**187**	**240**
Dividends declared to NCI	-	27
Payment of dividends	(175)	(68)
Withholding tax	-	(2)
Net foreign exchange losses / (gains)	12	(10)
Closing balance as of 31 December	**24**	**187**

17 Borrowings

As of 31 December, borrowings and interest payables were as follows:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Non-current		
Bonds issued to related parties (Notes 7, 14)	450	1,340
Borrowings from related parties (Note 7)	87	-
Green bonds	-	9,920
Bank borrowings	-	3,672
Non-bank borrowings	-	2,581
Total non-current borrowings	**537**	**17,513**
Current		
Green bonds	12,219	-
Bank borrowings	5,110	1,271
Non-bank borrowings	3,251	397
Interest accrual to related parties (Note 7)	220	147
Green bonds coupon accrual	144	117
Interest accrual on non-bank borrowings	64	58
Interest accrual on bank borrowings	22	5
Borrowings from related parties (Note 7)	-	2,692
Total current borrowings	**21,030**	**4,687**
Total borrowings	**21,567**	**22,200**

The effective interest rates and currency denomination of loans and borrowings at the balance sheet dates are as follows:

In millions of Ukrainian Hryvnia	31 December 2022		31 December 2021	
	EUR	**UAH**	**EUR**	**UAH**
Green bonds	9.37%	-	9.37%	-
Bank borrowings	4.67% - 9.74%	-	4.67% - 8.33%	-
Non-bank borrowings	6.68%	-	6.32%	-
Bonds issued to related parties	-	30.0%	-	18.0%-30.0%
Borrowings from related parties	-	13.1%	-	12.9%
Total	**20,811**	**756**	**18,021**	**4,179**

Borrowings from related parties are represented by interest-free aid repayable upon maturity until March 2027.

Bonds issued to related parties in 2016 with nominal value UAH 450 million, maturing on December 2025, and another bonds issued to related parties in 2020 with nominal value UAH 890 million maturing on September 2030. As of 31 December 2022, the Group offset payments for own bonds with the related bonds liabilities to related parties maturing on September 2030 and interest accrued on these bonds in the amount of UAH 1,017 million (Note 14).

In September 2021 Euler Hermes refunded the part of coverage which had been deducted as a debt attraction fee from the loan obtained by PRYMORSKA WIND FARM-2 LLC from a consortium of German banks headed by Bayerische Landesbank. The refund in the amount EUR 1 million (or equivalent of UAH 33 million at UAH/EUR exchange rate effective on transactions dates) was recognized as repayment of the loan and disclosed as non-cash movement in consolidated statement of cash flows. The Group management revised the estimates of the loan payments that was not accounted as an extinguishment and effect was recognised directly in consolidated income statement (Note 22).

17 Borrowings (continued)

As of 31 December 2022, borrowings totalling UAH 20,811 million (31 December 2021: UAH 18,021 million) were secured with property, plant and equipment (Note 8), financial investments (Note 11), trade and other receivables (Note 14) and cash and cash equivalents (Note 15).

In 2022, the Group repurchased the Green bonds with a par value of EUR 9 million (or equivalent of UAH 332 million at UAH/EUR exchange rate effective on the dates of transactions) by paying EUR 3 million (or the equivalent of UAH 100 million at UAH/EUR exchange rate effective on the dates of transactions).

Compliance with covenants. The Group was in compliance with covenants as of 31 December 2021. In 2022 and as of the date of these consolidated financial statements the Group was in breach of certain covenants of the debts with a nominal amount and interest of EUR 244 million (or equivalent of UAH 9,496 million at UAH/EUR exchange rate effective on 31 December 2022) and these debts have become due on demand.

Covenant non-compliance at the bank and non-bank borrowings with a nominal principal amount of EUR 225 million (or equivalent of UAH 8,771 million at UAH/EUR exchange rate effective on 31 December 2022) was caused by breaches in other financial/non-financial covenants, including non-top up of DSA/DSRA accounts. Covenant non-compliance at the bank borrowings with a nominal amount of EUR 19 million (or equivalent of UAH 725 million at UAH/EUR exchange rate effective on 31 December 2022) was caused by overdue instalment payments in the amount of EUR 9 million (or equivalent of UAH 341 million at UAH/EUR exchange rate effective on 31 December 2022), breaches of other financial/non-financial covenants and non-top up of DSA/DSRA accounts.

The events of default of bank borrowings were caused by non-compliance with some financial covenants, mainly due to impairment of property plant and equipment (Note 8); non-financial covenants; overdue interest and instalments of borrowings. The events of default of non-bank borrowings were caused by the breach of financial ratio debt to assets covenants based on the consolidated financial statements of DTEK RENEWABLES UKRAINE B.V.

Bank borrowings. As a result of the non-compliance with covenants, the Group's bank borrowings were reclassified to current liabilities. The bank borrowings of DTEK BOTIEVSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM LLC and DTEK PRYMORSKA WIND FARM-2 LLC are secured by the assets of the corresponding companies, including the cash on the Debt Service Accounts (DSA\DSRA) and guaranteed by DTEK RENEWABLES UKRAINE B.V. From March to December 2022, the mandatory payments on bank borrowings and related interests were paid from funds on DSA/DSRA (Note 11).

In 2022, the Group used the cash of the project companies to service its debt obligations via transfer of funds to DSA/DSRA and withdraw them from it in a due date. In December 2022, the Group replenished the DSA/DSRA by EUR 10 million (or equivalent of UAH 402 million at UAH/EUR exchange rate effective on the date of transactions) the part of which covered payments scheduled for December 2022 in the amount EUR 5 million (or equivalent of UAH 188 million at UAH/EUR exchange rate effective as of transaction date). As of 31 December 2022, the Group had EUR 5 million (or equivalent of UAH 192 million at UAH/EUR exchange rate effective on 31 December 2022) funds on DSA/DSRA accounts related to borrowings from a consortium of German banks led by Bayerische Landesbank as an agent, which were sufficient to cover only one scheduled payment in March 2023. In November 2022 and February 2023, the Group did not pay EUR 12,9 million of the next scheduled payments on another bank borrowing but made a partial payment on March 2023 in the amount EUR 3,6 million (or equivalent of UAH 145 million at UAH/EUR exchange rate as of transaction date) using the cash available on the account of the financed subsidiary.

The Group continues negotiations with creditors to reach a solution for service of the debts which are related to the wind plants on the territory temporary not controlled by the Ukrainian government. The current situation is a complex problem related to the political situation in the world. The management assumes that creditors will consider that DTEK Group is one of the largest energy holdings in the country at war Taking into account the improvement in the payment discipline of Guaranteed Buyer during 2022 (both debts for current electricity supplies and repayment of accumulated debts), the Group's desire to be a reliable partner and repayment of most of the obligations to creditors, as well as the worldwide support of Ukraine against unprovoked Russian aggression, management expects that a compromise will be reached in the negotiations.

The Group and Ukrgasbank agreed credit holidays until April 2023 for repayment of interest accrued and not paid since February 2022 and principal repayments scheduled for the period from October 2022 to March 2023. At the end of the holidays, the Group intends to continue negotiations with the bank to find solutions for repayment debts to the creditor. Since February 2022, the Group has paid to the bank interest for the period from May-August 2022 in the amount of EUR 383 thousand (or equivalent of UAH 12 million at UAH/EUR exchange rate effective on the dates of transactions).

Non-bank borrowings. Non-bank borrowings of DTEK NIKOPOLSKA SOLAR FARM LLC are also secured by assets of the solar plant and guaranteed by DTEK RENEWABLES UKRAINE B.V.

On 29 September 2022, the Group signed an amendment to an Equipment Supply Agreement with a non-bank creditor to waive the breach of the covenants which occurred before the signing date of this amendment and repaid the debt which was due on 10 July 2022. Further payments were agreed based on the initial debt repayment schedule. In January 2023, the Group paid to the creditor the next scheduled payment in the amount of EUR 9 million (or equivalent of UAH 375 million at UAH/EUR exchange rate effective on the payment date).

17 Borrowings (continued)

The Group is in the process of negotiations with non-bank creditors regarding compliance with debt to assets ratio covenants, which shall not exceed 65% and which was breached based on the consolidated financial statements of DTEK RENEWABLES UKRAINE B.V., the guarantor of the non-bank borrowing. The breach of the covenant resulted from impairment of the property, plant and equipment, intangible assets, other non-current assets and trade receivables. Management already communicated with the creditors regarding the expected breach of the covenant and expects to obtain a waiver for this breach with no acceleration by the creditor. As of 31 December 2022 and as of the signing date, the non-bank borrowings are classified as current liabilities. The Group will reclassify the non-bank borrowings to the non-current liabilities after the waiver from the creditors will be obtained.

The Green bonds. The Group was in compliance with the Green bonds covenants as of 31 December 2022 and currently continues to be in compliance. Considering the breached covenants regarding bank and non-bank borrowings and the acceleration provision in the Green bonds documentation, the Group reclassified the Green bonds principal amount to the current borrowings despite the fact that none of the bank and non-bank creditors exercised their right for accelerated repayment in respect of the principal amounts and no cross-default was actually triggered for the Green bonds as of signing date of these consolidated financial statements.

In September 2022 the bondholders agreed to waive certain events of default on the Green bonds while martial law is in effect in Ukraine and expiring on the second interest payment date to fall after the date on which martial law shall cease to be in effect. Additionally, the bondholders waived default that may occur as a result of acceleration or non-payment under any bank and non-bank borrowings unless the Group is unable to pay any due amount of principal or interest on the Green bonds. As of the date of these financial statements martial law was in effect until 19 February 2023 with covering of any events of default by agreed waiver until November 2023. In February 2023, martial law was prolonged till 20 May 2023, and in May 2023 till 18 August 2023, that extended waiver for any events of default until May 2024. The prolongation of martial law was considered as a non-adjusting post-balance sheet event.

Maturity of the Green bonds of the Group is on 11 November 2024. Management intends to evaluate options available on the market closer to the maturity date.

At the signing date of these consolidated financial statements, none of the Group's borrowings facilities have been accelerated and the Group has received no indication that the lenders intend to exercise their right to accelerate the facilities.

Movements in borrowings during the period are as follows:

In millions of Ukrainian Hryvnia	2022	2021
Opening balance as of 1 January	**22,200**	**24,943**
Cash movements		
Proceeds from borrowings	231	2,306
Repayment of borrowings	(728)	(3,070)
Interest and withholding tax paid during the period	(732)	(1,358)
Purchase of Group's own long-term bonds issued to related parties (Note 14)	(1,017)	-
Non-cash movements		
Interest and withholding tax accrued during the period (Note 22)	1,448	1,428
Amortisation of discount and commitment fees accrued (Note 22)	411	413
Revision of the estimates of the loan payments due to Euler Hermes refunds (Note 22)	-	(25)
Gain on repurchase of the Green bonds (Note 22)	(232)	-
Gain on recognition of borrowings from related parties (Note 22)	(67)	(61)
Foreign exchange loss/(gain)	4,435	(2,376)
Set-off of borrowings from related parties with loans receivable (Note 12)	(2,813)	-
Repayment of borrowings from DSA/DSRA (Note 11)	(1,545)	-
Gain on modification of a financial liabilities that does not result in derecognition (Note 22)	(24)	-
Closing balance as of 31 December	**21,567**	**22,200**

17 Borrowings (continued)

As of 31 December, maturities of the Group's borrowings were as follows:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Borrowings due:		
- within 1 year	21,030	4,687
- between 1 and 5 years	537	14,340
- after 5 years	-	3,173
Total borrowings	**21,567**	**22,200**

18 Trade and Other Payables

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Non-current		
Liabilities for acquisition of intangible assets	-	3
Total non-current financial payables	**-**	**3**
Current		
Payables for imbalances (Note 4)	594	16
Liabilities for purchased property, plant and equipment	333	255
Trade payables	204	91
Other financial payables (Note 14)	92	37
Liabilities for acquisition of intangible assets (Note 9)	41	129
Total current financial payables	**1,264**	**528**
Contract liability (Note 8)	453	-
VAT payable	156	817
Wages and salaries payable	81	79
Other non-financial payables	1	4
Total current non-financial payables	**691**	**900**
Total current payables	**1,955**	**1,428**

Analysis by currency and future undiscounted cash flows of financial trade and other payables are as follows:

31 December 2022

In millions of Ukrainian Hryvnia	Liabilities for purchased property, plant and equipment	Payables for imbalances	Trade payables	Liabilities for acquisition of intangible assets	Other financial payables	Total
Currency analysis (carrying amounts):						
UAH denominated	317	594	193	-	15	1,119
EUR denominated	3	-	11	-	73	87
USD denominated	13	-	-	41	4	58
Total	**333**	**594**	**204**	**41**	**92**	**1,264**
Future undiscounted cash flow analysis:						
Up to 3 months	333	594	204	41	94	1,266
Total	**333**	**594**	**204**	**41**	**94**	**1,266**

18 Trade and Other Payables (continued)

31 December 2021

In millions of Ukrainian Hryvnia	**Liabilities for purchased property, plant and equipment**	**Payables for imbalances**	**Trade payables**	**Liabilities for acquisition of intangible assets**	**Other financial payables**	**Total**
Currency analysis (carrying amounts):						
UAH denominated	199	16	86	-	14	315
EUR denominated	2	-	5	-	23	30
USD denominated	54	-	-	132	-	186
Total	**255**	**16**	**91**	**132**	**37**	**531**
Future undiscounted cash flow analysis:						
Up to 3 months	224	16	91	-	37	368
From 3 to 6 months	31	-	-	34	-	65
From 6 to 12 months	-	-	-	101	-	101
From 12 month	-	-	-	3	-	3
Total	**255**	**16**	**91**	**138**	**37**	**537**

On 1 April 2019, the Group acquired 100% of the share capital of LLC TVE. The company was established for development, construction, commissioning and operation of a 500 MW wind farm located on the border of Mykolaiv and Odessa regions. At the date of purchase, the target possessed relevant land lease rights, performed a wind monitoring survey and obtained a right to connect to the grid. Upon acquisition, the Group recognised an intangible asset, which refers to the Group's right to commence construction of the wind plant at planned capacity of 498 MW on the specified territory (Note 9). At the date of acquisition, the Group recognized a liability for acquisition of intangibles to the previous owner of LLC TVE. The consideration shall be payable upon commencement of the plant operations and depends on the production capacity of the plant to be put into operation. Due to the circumstances described in Note 2 and following the revision of the initial plans for construction of wind farm, there is uncertainty about when the remaining part of the originally planned capacity will be put into operation. As of 31 December 2022, the Group remeasured the liability to the previous owner of LLC TVE, which reflects the share of the remaining part of the planned capacity with uncertain timing. As a result of remeasurement, the Group recorded operating income in the amount of UAH 113 million.

The Group recognized a contingent liability related to the amount of megawatts with uncertain timing of commissioning (Note 25).

19 Revenue

In millions of Ukrainian Hryvnia	**2022**	**2021**
Sale of electricity generated at solar power plants (31 December 2022: less the financing component UAH 197 million; 31 December 2021: nil (Note 4))	1,447	2,604
Sale of electricity generated at wind power plants (31 December 2022: less the financing component UAH 2 million; 31 December 2021: nil (Note 4))	1,026	4,824
Compensation for the curtailment of electricity generation at solar power plants (31 December 2022: less the financing component UAH 203 million; 31 December 2021: nil (Note 4))	420	171
Compensation for the curtailment of electricity generation at wind power plants (2022 and 2021: no financial component)	27	138
Services provided to related parties (Note 7)	26	4
Total	**2,946**	**7,741**

The revenue decrease was driven by suspension of electricity generation of DTEK BOTIEVSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM LLC, DTEK PRYMORSKA WIND FARM-2 LLC, DTEK ORLIVSKA WIND FARM LLC and DTEK TRYFONIVSKA SOLAR FARM LLC in connection with the circumstances described in Notes 2 and 8.

During 2022, the Group reimbursed imbalances (Note 2) between the projected/submitted volume of electricity generation to Guaranteed Buyer SE and Ukrenergo NPC and actual supply of electricity to Guaranteed Buyer SE and recognized that reimbursements as a deduction from the sales of electricity, generated at wind power plants in the amount of UAH 109 million and from the sale of electricity, generated at solar power plants in the amount of UAH 430 million (2021: UAH 95 million for wind power plants and UAH 77 million for solar power plants).

20 Cost of Sales

In millions of Ukrainian Hryvnia	**2022**	**2021**
Depreciation of property, plant and equipment, other non-current assets and amortisation of intangible assets	925	1,656
Production overheads	108	216
Maintenance and repairs	64	363
Expenses on idle capacity	53	-
Lease of land expenses	45	48
Impairment of inventories	40	18
Staff cost, including payroll taxes	39	39
Depreciation expenses on idle capacity	10	-
Other	5	13
Total cost of sales	**1,289**	**2,353**

For the year ended 31 December 2022, staff cost included payroll costs equalling to UAH 27 million (2021: UAH 27 million), bonus and unused vacation cost equalling to UAH 5 million (2021: UAH 5 million) and social contribution costs equalling to UAH 7 million (2021: UAH 7 million).

For the year ended 31 December 2022, expenses for the maintenance of wind turbine generators equal to UAH 62 million (2021: UAH 334 million) and other maintenance and repairs expenses in the amount UAH 2 million (2021: UAH 29 million).

Expenses on idle capacity incurred due to suspension of electricity generation based on circumstances described in Note 2. These expenses mainly consist of services from third parties in the amount of UAH 34 million, staff costs, including payroll taxes in the amount of UAH 12 million and other expenses in the amount of UAH 7 million. No expenses on idle capacity were incurred in 2021.

21 General and Administrative Expenses

In millions of Ukrainian Hryvnia	**2022**	**2021**
Staff cost, including payroll taxes	233	262
Professional fees	137	196
Rent	27	46
Bank charges	21	20
Depreciation of property, plant and equipment and amortisation of intangible assets	7	2
Transportation	4	9
Other costs	48	28
Total general and administrative expenses	**477**	**563**

For the year ended 31 December 2022, the staff costs included payroll costs equalling to UAH 153 million (2021: UAH 168 million), bonus and unused vacation cost equalling to UAH 44 million (2021: UAH 54 million), social contribution costs equalling to UAH 28 million (2021: UAH 31 million) and other costs equalling to UAH 8 million (2021: UAH 9 million).

The following fees were accrued in favour of the independent auditors by the Group:

In millions of Ukrainian Hryvnia	**2022**	**2021**
Audit of the financial statements (including audit fee of PricewaterhouseCoopers Accountants N.V. of UAH 5 million in 2022 and UAH 4 million in 2021)	13	9
Tax services	3	2
Other non-audit services	-	6
Total	**16**	**17**

22 Finance Income and Costs

In millions of Ukrainian Hryvnia	2022	2021
Finance income		
Interest income on loans provided to related parties (Note 12)	241	314
Gain on repurchase of the Green bonds (Note 17)	232	-
Gain on recognition of borrowings from related parties (Note 17)	67	61
Interest income on current bank accounts	61	21
Unwinding of the financial component (Note 4)	38	-
Gain on modification of financial liabilities that does not result in derecognition (Note 17)	24	25
Unwinding of discount on other receivables (Note 14)	21	-
Total finance income	**684**	**421**
Finance costs		
Interest expense accrued on (Note 17):		
- Interest expense on the Green bonds	948	890
- Unwinding of discount on borrowings and commitment fees accrued	367	388
- Interest expense on bonds issued to related party	295	295
- Interest expense on non-bank borrowings	114	124
- Interest expense on bank borrowings	91	119
- Unwinding of discount on borrowings obtained from related parties	44	25
- Less interest expense capitalised in the cost of qualifying assets (Note 8)	(225)	(442)
Unwinding of discount on consideration for the acquisition of intangible assets	8	9
Other finance costs	16	14
Total finance costs	**1,658**	**1,422**

23 Other Operating Income and Expenses

In millions of Ukrainian Hryvnia	2022	2021
Other operating income		
Net gain on derecognition of equipment components and prepayment for property, plant and equipment and recognition of other receivables and non-current assets held for sale (Notes 8, 13, 14)	924	-
Remeasurement of the liability for acquisition of intangibles (Note 18)	113	-
Insurance compensations	87	32
Income on disposal of a subsidiary	24	-
Compensations from vendors	-	82
Income from free spare parts received	-	7
Other operating income	6	10
Total other operating income	**1,154**	**131**
Other operating expenses		
Depreciation and amortization of property, plant and equipment, other non-current assets and intangible assets	19	4
Royalty	17	11
Charity	13	15
Security services	12	6
Writing off property, plant and equipment	12	-
Professional fees	11	-
Lease of land expenses	9	9
VAT expenses	7	10
Staff cost, including payroll taxes	3	-
Other operating expenses	12	30
Total other operating expenses	**115**	**85**

24 Income Taxes

Income tax expense comprises the following:

In millions of Ukrainian Hryvnia	2022	2021
Current tax	-	546
Deferred tax expense	(67)	593
Income tax expense	**(67)**	**1,139**

The Group is subject to taxation in several tax jurisdictions, depending on the residence of its subsidiaries (primarily in Ukraine).

Reconciliation between the expected and the actual taxation charge is provided below.

In millions of Ukrainian Hryvnia	2022	2021
(Loss) / Profit before income tax	**(15,908)**	**5,582**
(Loss) / profit before income tax of Ukrainian companies	(18,267)	6,039
Loss before income tax of Cyprus companies	(17)	-
Profit / (loss) before income tax of Dutch companies	2,376	(457)
Income tax at statutory rates of 18% (for Ukrainian operations)	(3,288)	1,087
Income tax at statutory rates of 12,5% (for Cyprus operations)	(2)	-
Income tax at statutory rates of 25% (for Dutch operations)	594	(114)
Unrecognised tax assets related to the companies on the territory temporary non controlled by Ukraine government	2,470	-
Unrecognised tax loss carry-forwards for the year	866	(9)
Non-taxable income	(133)	(80)
Non-deductible expenses	4	-
Accrual / (Reverse) of impairment losses on Dutch entities not deductible for tax purposes	-	45
Tax effect of non-taxable forex losses on foreign entities, net	(578)	151
Withholding tax accrued on intragroup loans between Ukrainian and Dutch jurisdictions	-	59
Income tax expense	**(67)**	**1,139**

The Parent and its subsidiaries are separate taxpayers and, therefore, the deferred tax assets and liabilities are presented on an individual basis. The deferred tax liabilities and assets reflected in the consolidated balance sheet as of 31 December 2022 are as follows:

In millions of Ukrainian Hryvnia	1 January 2022	Credited directly to equity	(Charged)/credited to income	31 December 2022
Tax effect of deductible temporary differences				
Trade and other receivables	35	-	(18)	17
Borrowings	-	-	106	106
Trade and other payables	6	-	(6)	-
Unused tax losses	470	-	106	576
Gross deferred tax asset	**511**	**-**	**188**	**699**
Less offsetting with deferred tax liabilities	(502)	-	(196)	(698)
Recognised deferred tax asset	**9**	**-**	**(8)**	**1**
Tax effect of taxable temporary differences				
Borrowings	(10)	-	10	-
Property, plant and equipment	(1,204)	384	(131)	(951)
Gross deferred tax liability	**(1,214)**	**384**	**(121)**	**(951)**
Less offsetting with deferred tax assets	502	-	196	698
Recognised deferred tax liability	**(712)**	**384**	**75**	**(253)**

Deferred income tax asset is recognised for unused tax losses carried-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The majority of the Group's tax losses are attributable to foreign exchange effects due to the devaluation of the Ukrainian hryvnia.

Deferred income tax liability on property, plant and equipment is represented by temporary differences either on revaluation uplift or on differences between the depreciation periods in tax and financial accounting.

24 Income Taxes (continued)

The deferred tax liabilities and assets reflected in the consolidated balance sheet as of 31 December 2021 are as follows:

In millions of Ukrainian Hryvnia	1 January 2021	Credited directly to equity	(Charged)/credited to income	31 December 2021
Tax effect of deductible temporary differences				
Trade and other receivables	70	-	(35)	35
Loans receivable from related parties	30	-	(30)	-
Trade and other payables	9	-	(3)	6
Borrowings	49	-	(49)	-
Unused tax losses	260	-	210	470
Gross deferred tax asset	**418**	-	**93**	**511**
Less offsetting with deferred tax liabilities	(205)	-	(297)	(502)
Recognised deferred tax asset	**213**	-	**(204)**	**9**
Tax effect of taxable temporary differences				
Borrowings	(13)	-	3	(10)
Property, plant and equipment	(515)	-	(689)	(1,204)
Gross deferred tax liability	**(528)**	-	**(686)**	**(1,214)**
Less offsetting with deferred tax assets	205	-	297	502
Recognised deferred tax liability	**(323)**	-	**(389)**	**(712)**

25 Contingencies, Commitments and Operating Risks

Tax legislation. Ukrainian tax and customs legislation is subject to varying interpretations and changes, which can occur frequently. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

The Group conducts inter-company transactions. It is possible, with evolution of the interpretation of tax law in Ukraine and changes in the approach of tax authorities under the new Tax Code, that such transactions could be challenged in the future. The impact of any such challenge cannot be estimated; however, management assesses that it should not be significant.

The Group has income tax liabilities in various countries. The ultimate tax consequences of many transactions and calculations are uncertain, partly because of uncertainty concerning their timing. The Group continually assesses such matters and, where final tax sums differ from the estimates, such differences are recognised as income tax provisions in the period in which the differences become apparent.

Assets pledged and restricted. As of 31 December 2022 and 31 December 2021, the following assets were pledged as collateral related to the Group's bank and non-bank borrowings:

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Property, plant and equipment (Note 8)	3,797	15,372
Financial investments (Note 11)	192	1,279
Trade and other receivables (Note 14)	571	2,561
Cash and cash equivalents (Note 15)	490	614
Total	**5,050**	**19,826**

Capital expenditure commitments. As of 31 December 2022, the Group's contractual capital expenditure commitments in respect of property, plant and equipment amounting to UAH 621 million were primarily attributable to construction of DTEK TILIGULSKA WEP LLC (as of 31 December 2021: UAH 6,402 million).

Contingent liabilities for acquisition of LLC TVE. Due to the circumstances described in Note 18, the Group remeasured the liability to the previous owner of LLC TVE, which reflects the share of the remaining part of the planned capacity with uncertain timing (Note 18) and recognised a contingent liability in the amount of UAH 113 million to be payable in case of commissioning the wind power plant with a planned capacity of 498 MW.

Environmental matters. The enforcement of environmental regulations in Ukraine and globally is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might result from changes in the existing regulations or legislation, and civil litigation cannot be estimated but could be material. Management assesses that there are no significant liabilities for environmental damage.

Compliance with covenants. As disclosed in Note 17, the Group breached certain covenants regarding bank and non-bank borrowings as of 31 December 2022. The Group was in compliance with covenants as of 31 December 2021.

Insurance. As of 31 December 2022, the Group insurance policies covered following risks: risks related to construction of DTEK TILIGULSKA WEP LLC (Note 8); risks related to return of the equipment (Note 8) and risks associated with the third party liability. As of 31 December 2021, the Group insurance policy covers risks associated with the loss or damage of part of the Group's property, plant and equipment and loss of profit resulting from the work breakdown.

25 Contingencies, Commitments and Operating Risks (continued)

Lease of land. The Group leases the land on which its assets are located. The annual land lease payment in 2022 amounted to UAH 54 million (2021: UAH 57 million). As the land market in Ukraine has not yet started working for legal entities, the Group does not recognize the right-of-use assets and lease liabilities (Note 3).

26 Financial Risk Management

The Group's activities expose it to financial risks: market risk (including cash flow and fair value interest rate risk) and liquidity risk. The Group's overall risk management policies seek to minimise the potential adverse effects on the Group's financial performance for those risks that are manageable or noncore to the power generating business. Reference is made to Note 2 describing the most recent developments in the operating environment of the Group, which might have an impact on the Group's financial risks.

Credit risks concentration. As of 31 December 2022, the Group had one counterparty (as of 31 December 2021: two counterparties), which represented individually 10% or more of the Group's loans receivable, with aggregated loans receivable balances amounting to UAH 2,982 million or 99% of the total loans receivable (as of 31 December 2021: UAH 4,571 million, 90%).

As of 31 December 2022, the Group's financial investments are held within three banks (as of 31 December 2021: three banks).

There are the Group counterparties with accounts receivable balances representing individually 10% or more of the Group's trade accounts receivable. As of 31 December 2022, the Group had two counterparties (as of 31 December 2021: one counterparty) with the aggregated receivables balance amounting to UAH 1,487 million (as of 31 December 2021: UAH 4,105 million) or 26% of the total amount of current and non-current financial receivables (2021: 99%). In addition, as of 31 December 2022 the Group had other receivables from one counterparty with the aggregated balance amounting to UAH 3,272 million (as of 31 December 2021: UAH nil million) or 58% of the total amount of current and non-current financial receivables (2021: nil).

As of 31 December 2022, the Group's cash and cash equivalents are mainly held within two banks, each of which represented individually 10% or more of the Group's cash and cash equivalents, with amount UAH 2,660 million or 77% of the total cash and cash equivalents (31 December 2021: three banks, UAH 873 million, 97%).

As of 31 December 2022, the maximum exposure to credit risk at the reporting date is UAH 12,299 million being the carrying value of trade receivables, financial investments, loans receivable and cash (31 December 2021: UAH 11,401 million). The Group does not hold any collateral as security.

In millions of Ukrainian Hryvnia	**31 December 2022**	**31 December 2021**
Financial investments (Note 11)	194	1,281
Loans receivable (Note 12)	3,005	5,091
Trade and Other Receivables (Note 14)	5,657	4,133
Cash and Cash Equivalents (Note 15)	3,443	896
Total	**12,299**	**11,401**

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, and (b) interest-bearing assets and liabilities, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Group operates within Ukraine and, accordingly, its exposure to the foreign currency risk is mainly determined by borrowings, loans receivable and cash balances, which are denominated in EUR and USD. In July 2022 NBU increased UAH/USD exchange currency rate by 25%, from 29.25 to 36.57 UAH/USD with proportional change of UAH/EUR exchange currency rate.

The following table presents sensitivities of profit or loss after tax and equity to reasonably possible changes in exchange rates applied at the balance sheet date with all other variables held constant:

	At 31 December 2022		**At 31 December 2021**	
In millions of Ukrainian Hryvnia	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
EUR strengthening by 25% (as of 31 December 2021 – 10%)	(3,502)	(3,502)	(1,341)	(1,341)
EUR weakening by 25% (as of 31 December 2021 – 10%)	3,502	3,502	1,341	1,341
USD strengthening by 35% (as of 31 December 2021 – 10%)	892	892	162	162
USD weakening by 35% (as of 31 December 2021 – 10%)	(892)	(892)	(162)	(162)

26 Financial Risk Management (continued)

Interest rate risk. As the Group has substantially more interest-bearing liabilities than assets, the Group's income and operating cash flows are substantially dependent of changes in market interest rate. The Group's interest rate risk arises from borrowings and from loans receivable from related parties. Borrowings issued at variable interest rates expose the Group to the cash flow interest rate risk. Borrowings at fixed rates and loans receivable from related parties expose the Group to the fair value interest rate risk.

As of 31 December 2022 and 31 December 2021, the Group's variable interest debt is EUR denominated. As of 31 December 2022, 15% of the total borrowings were provided to the Group at floating rates (31 December 2021: 15%). As of 31 December 2022 and 31 December 2021, floating interest rates were based on indicators EURIBOR and UIRD12m.

The Group's exposure to fixed or variable rates is determined at the time of issuing new debt. Management uses its judgment to decide whether a fixed or a variable rate would be more favourable to the Group over the expected period until maturity. The risk of increase in market interest rates is monitored by the Finance Departments of the Group. The Finance Departments are responsible for planning the financing structure (levels of leverage) and borrowing activities. The key objective to financing is obtaining debt to finance capital expenditures at applicable interest rates.

Obtaining debt financing for each of the Group's project is considered separately. Maturities and effective interest rates of financial borrowings are disclosed in Note 17. Re-pricing for fixed rate financial instruments occurs at maturity. Re-pricing of floating rate financial instruments occurs continually.

If as of 31 December 2022, interest rates on EUR-denominated borrowings with variable rates were 200 basis points higher (as of 31 December 2021: 200 basis points higher) with all other variables held constant, profit or loss and equity for the year ended 31 December 2022 would be UAH 62 million lower (profit or loss and equity as of 31 December 2021 would be UAH 68 million lower).

Liquidity risk. Prudent liquidity management implies maintaining sufficient cash and the availability of funding to meet existing obligations as they fall due. Management monitors liquidity and cash collections on a daily basis to ensure liquidity targets are actively monitored.

The following table analyses the Group's financial liabilities by maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the undiscounted cash flows. The maturity analysis of financial liabilities as of 31 December 2022 is as follows:

In millions of Ukrainian Hryvnia	**Up to 6 months**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**	**Total**
Borrowings	22,254	68	135	731	-	23,188
Trade and other payables	1,266	-	-	-	-	1,266
Total future payments, including future principal and interest payments	**23,520**	**68**	**135**	**731**	**-**	**24,454**

The maturity analysis of financial liabilities as of 31 December 2021 is as follows:

In millions of Ukrainian Hryvnia	**Up to 6 months**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**	**Total**
Borrowings	4,619	1,664	2,712	15,510	3,806	28,311
Liabilities for acquisition of intangible assets	34	101	3	-	-	138
Trade and other payables	399	-	-	-	-	399
Total future payments, including future principal and interest payments	**5,052**	**1,765**	**2,715**	**15,510**	**3,806**	**28,848**

27 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt. Additionally, management may defer certain capital spending to enhance its debt position. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio (Debt/Equity). Total debt equals the nominal amount of the bank borrowings less the Debt Service Accounts (Note 11). The equity is calculated as total equity in the consolidated balance sheet plus bonds from related parties.

The Group's debt to equity ratio as of 31 December 2022 has reached 88/12 (31 December 2021: 45/55). The Group's total liabilities to total assets ratio as of 31 December 2022 has reached 90.4% (31 December 2021: 55%).

28 Fair Value of Assets and Liabilities

This note provides an update on the judgements and estimates made by management in determining the fair values since the last annual consolidated financial statements.

Financial instruments carried at amortised cost. Majority of the Group's financial assets and liabilities are carried at amortised cost using the effective interest method. These assets are not measured at fair value in the balance sheet.

For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments at 31 December 2022:

In millions of Ukrainian Hryvnia	**Level 1**	**Level 2**	**Total**	**Carrying value**
Financial assets				
Loans receivable (Note 12)	-	3,523	3,523	3,005
Total financial assets	-	3,523	3,523	3,005
Financial liabilities				
Bank and non-bank borrowings (Notes 3, 17)	-	9,496	9,496	8,448
The Green bonds	-	3,980	3,980	12,363
Borrowings from related parties	-	944	944	756
Total financial liabilities	**-**	14,420	14,420	21,567

Significant differences were identified for the following instruments at 31 December 2021:

In millions of Ukrainian Hryvnia	**Level 1**	**Level 2**	**Total**	**Carrying value**
Financial assets				
Loans receivable (Note 12)	-	5,327	5,327	5,091
Total financial assets	**-**	**5,327**	**5,327**	**5,091**
Financial liabilities				
The Green bonds (Note 17)	9,273	-	9,273	10,037
Bank and non-bank borrowings (Note 17)	-	7,984	7,984	7,984
Borrowings from related parties (Note 17)	-	4,352	4,352	4,179
Total financial liabilities	**9,273**	**12,336**	**21,609**	**22,200**

The Group's property, plant and equipment are of a specialised nature, their fair value is determined using the depreciated replacement cost (Level 3).

The fair values obtained using the depreciated replacement cost and indexation of carrying amounts are validated using discounted cash flow models (income approach, Level 3), and are adjusted if the values obtained using the income approach are lower than those obtained using the depreciated replacement cost or indexation of carrying amounts (i.e., there is economic obsolescence). Key inputs into discounted cash flow models are consistent with the assumptions disclosed in Note 8.

As of 31 December 2022 the fair value of Green bonds is determined based on the weighted average discount on the redemption of the Green bonds by the Group, which amounted 31.39% (Notes 17, 29). The Management consider the discount at the repurchase date is applicable as of 31 December 2022. In 2022, Green bonds in the amount of EUR 325 million were reclassified from Level 1 to Level 2 instruments due to the reduced activity in the financial markets due to the war in Ukraine (Note 2). The fair value of bank and non-bank borrowings, which as of 31 December 2022 were in the default (Notes 3, 16), was recognized at the amount payable on demand. As of 31 December 2021, the fair value of bank and non-bank borrowings approximated their carrying value. As of 31 December 2022 and 31 December 2021, the fair value of borrowings from related parties and Green bonds was determined based on observable statistics of financial markets for similar instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

29 Subsequent Events

In January 2023, the Group concluded a surety agreement in respect of Green bond issued according to which ORNEX Limited acts as a guarantor.

On 21 February 2023, the Group repurchased the Green bonds with a par value of EUR 35 million by paying EUR 16 million or the equivalent of UAH 618 million at exchange rates effective on the transaction dates. As a result of this transaction, the Group subsequently recognised gain on repurchase of the Green bonds, including unwinding of discount, in the amount UAH 760 million.

During 2023 Guaranteed Buyer SE level of settlements was as follows: January - 90%; February - 51%; March - 43%, April - 52%; May - 38% (for two decade of the month). Management expects to receive in average 87% of total sales during 2023 financial year as described in Note 3.

On 14 March 2023, the Group reassigned to the Parent part of the other receivables (Note 14) in the amount of EUR 53 million (or equivalent of UAH 2,070 million at UAH/EUR exchange rate effective on the transactions dates). The receivable has a maturity until 2027, with an annual repayment starting from 2025, and deferral annual fee in the range of 11.1% - 11.2%. The reassignment transaction was performed in several steps with related parties. As a result of the transaction, the Group has incurred counter debts with related parties and set-off them as of transaction date in the amount of UAH 2,070 million.

DTEK RENEWABLES B.V.
(former DTEK RENEWABLES HOLDINGS B.V.)

Company financial statements
for the year ended 31 December 2022

Amsterdam
Strawinskylaan 1531
Tower B, Level 15
Grid TB-15-046/089

In millions of Ukrainian Hryvnias	**Note**	**31 December 2022**	**31 December 2021**
Assets			
Non-current assets			
Property, plant and equipment		1	-
Investments in subsidiaries	3	10,526	20,285
Total non-current assets		**10,527**	**20,285**
Current assets			
Trade and other receivables	4	105	-
Cash and cash equivalents	5	94	-
Total current assets		**199**	**-**
TOTAL ASSETS		***10,726***	***20,285***
EQUITY			
Share capital	6	-	-
Share premium	6	15,930	15,930
Revaluation reserve	6	47	299
Retained earnings / (Accumulated losses)	6	4,085	(299)
Result for the year	6	(10,117)	4,353
TOTAL EQUITY		**9,945**	**20,283**
LIABILITIES			
Non-current liabilities			
Loan received from related parties		1	-
Trade and other payables		1	-
Total non-current liabilities		**2**	**-**
Current liabilities			
Trade and other payables, current	7	779	2
Total current liabilities		**779**	**2**
TOTAL LIABILITIES		**781**	**2**
TOTAL LIABILITIES AND EQUITY		***10,726***	***20,285***

In millions of Ukrainian Hryvnia	**Note**	**For the twelve months ended 31 December 2022**	**Result of the period from the date of incorporation to 31 December 2021**
Share of the result of subsidiaries	3	(9,560)	4,334
Other expense after taxation		(557)	(2)
Net (expense) / income attributable to shareholders		**(10,117)**	**4,353**

1 The Organization and its Operations

General

DTEK RENEWABLES B.V. (former DTEK RENEWABLES HOLDINGS B.V.) (the “Company”) is a private limited liability company incorporated in the Netherlands on 7 May 2021 through the contribution by DTEK GROUP B.V. (former DTEK B.V.) of 100% of its equity interest. The Company’s registered office is at Strawinskylaan 1531, Tower B, Level 15, grid TB-15-046/089, 1077XX Amsterdam, the Netherlands, and the Company is registered with the trade register of the Chambers of Commerce under number 82761027.

The principal activity of the Company is to hold, oversee and help to finance renewable energy projects of the Company and its subsidiaries (together referred to as “the Group” or “DTEK Renewables”), including any interest earning activity.

Supervisory Board

The Board consists of 5 (five) members. In 2022, DTEK RENEWABLES B.V. accrued remuneration to the Supervisory Board in the amount of UAH 2 million (2021: 1 million).

Basis of preparation of the company financial statements

The company’s financial statements of DTEK RENEWABLES B.V. (hereafter: the Company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company’s financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the Company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the Company financial statements of DTEK RENEWABLES B.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in millions of Ukrainian Hryvnia, unless stated otherwise. The balance sheet and income statement include references. These refer to the notes.

The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (‘IFRS’) as adopted by the European Union.

2 General principles and significant accounting policies

General

The accounting policies for the Company financial statements are the same as for the consolidated financial statements. Where no specific policies are mentioned, reference should therefore be made to the accounting policies relating to the consolidated financial statements.

Financial non-current assets

Subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquiree, and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

The consolidated subsidiaries are measured at their net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

When applying the net asset value, the result from consolidated subsidiaries for the year is derived based on the reported result of the subsidiary to the extent that this can be attributed to the investor legal entity and aligned with the accounting policies of the group. Dividends received are deducted from the carrying amount of the investment.

2 General principles and significant accounting policies (continued)

In case of unprofitable subsidiaries having negative net asset value, any negative amounts are booked against receivables from these subsidiaries in case these considered to be a part of the net investment. Any unrealised property, plant and equipment revaluation will result in a legal reserve in case such revaluation leads to undistributable reserves in the country where the entity is incorporated. In the event the net equity value of a subsidiary becomes negative additional losses are not recognised in case the company is not liable for the debts of its subsidiaries and there are no other receivables which are considered to be a part of the net investment into such subsidiary.

The Company makes use of the option to eliminate intercompany expected credit losses against the investments in group companies instead of elimination against the book value of loans and receivables to group companies.

The principal subsidiaries are presented below:

Name	% interest held as of 31 December 2022	31 December 2021	Country of incorporation
Production facilities			
WIND TECH LLC	100.00	100.00	Kyiv, Ukraine
DTEK PRYMORSKA WIND FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK PRYMORSKA WIND FARM-2 LLC	94.00	94.00	Kyiv, Ukraine
DTEK NIKOPOLSKA SOLAR FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK BOTIEVSKA WIND FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK TILIGULSKA WEP LLC	90.00	90.00	Kyiv, Ukraine
DTEK ORLIVSKA WIND FARM LLC	87.00	87.00	Kyiv, Ukraine
DTEK POKROVSKA SOLAR FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK TRYFONIVSKA SOLAR FARM LLC	100.00	100.00	Kyiv, Ukraine
Administrative entities			
PRIMORSKAYA WEP B.V.	100.00	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES UKRAINE B.V.	100.00	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES FINANCE B.V.	100.00	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES INTERNATIONAL B.V.	-	100.00	Amsterdam, the Netherlands
DTEK RENEWABLES LLC	100.00	100.00	Kyiv, Ukraine
ORNEX LIMITED	100.00	-	Limassol, Cyprus
Other supplemental companies			
SOLAR FARM – 4 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 5 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 6 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 7 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 8 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 11 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 13 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 14 LLC	100.00	100.00	Kyiv, Ukraine
SOLAR FARM – 15 LLC	100.00	100.00	Kyiv, Ukraine
DTEK BERDYANSKA WIND FARM LLC	100.00	100.00	Kyiv, Ukraine
DTEK TILIGULSKA WEP – 2 LLC	100.00	100.00	Kyiv, Ukraine
DTEK CONSTRUCTION SOLUTIONS LLS	100.00	100.00	Kyiv, Ukraine
LLC TVE	100.00	100.00	Kyiv, Ukraine

On 31 March 2022, the Company sold and transferred 100% of the share capital of DTEK RENEWABLES INTERNATIONAL B.V (acquired in May 2021) to DTEK GROUP B.V. This transaction did not have a material impact on these financial statements.

On 16 November 2022, the Company acquired 100% of the share capital of ORNEX LIMITED (Limassol, Cyprus) for UAH 200 thousand, the accounting method applied for the acquisition - predecessor method. ORNEX LIMITED, es expected, will be used as a financial vehicle of the Group, including operations of the Green bonds redemption.

In January 2021, the Group acquired 0.1% of DTEK BOTIEVSKA WIND FARM LLC for UAH 6 million from a related party and increased its ownership up to 100%.

In May 2021, the share capital of DTEK TILIGULSKA WEP LLC was increased by a related party through cash contribution in the amount UAH 1 million that decreased the interest owned by the Company to 90%.

Elements of shareholders' equity

Various legal reserves required by Part 9, Book 2, of the Dutch Civil Code have been retained in the corporate balance sheet. These reserves restrict the ability to distribute equity. They are the reserve for property revaluations, the reserve for intangible assets (only to the extent related to the capitalized incorporation costs and the capitalized development costs, if any) and the reserve for participating interests (only to the extent that profits and other equity increases are both not distributed and not freely distributable at the intention of the entity).

2 General principles and significant accounting policies (continued)

The revaluation reserve (Art, 2:390 part 1 DCC) is maintained in respect of unrealised fair value increase held by companies forming part of DTEK RENEWABLES B.V.

Additions to the reserve for property, plant and equipment revaluations are made via equity appropriation, after allowing for corporate income tax.

Investments in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The Company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the Company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is remeasured to fair value on the date of acquisition. The remeasurement against the book value is accounted for in the income statement.

When the Company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the income statement.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognised in equity.

Investments: unrealised gains and losses

Unrealised gains on transactions between the company and its investments in consolidated subsidiaries are eliminated in full, based on the consolidation principles. Unrealised gains on transactions between the company and its investments in associates or joint ventures are eliminated to the extent of the company's stake in these investments.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Amounts due from investments

Amounts due from investments are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate.

3 Investments in Subsidiaries

Movements in investments in subsidiaries are as follows:

In millions of Ukrainian Hryvnia	2022	2021
Carrying amount at 1 January	**20,285**	**-**
Contribution of investments in share capital	-	15,930
Share of the result of subsidiaries**	(9,560)	4,355
Share of equity movements	(221)	-
Other movements	22	-
Carrying amount at 31 December	**10,526**	**20,285**

** Net loss of the subsidiaries within the Group attributable to shareholders for the year ended 31 December 2022 was UAH 9,560 million (2021: net gain UAH 4,355 million).

4 Trade and other receivables

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Other receivables from related parties	105	-
Total current trade and other receivables	**105**	**-**

Movements in current trade and other receivables were as follows:

In millions of Ukrainian Hryvnia	2022	2021
Opening balance as of 1 January	**-**	**-**
Cash movements	100	
Increase due to Assignment/Transfer of Debts agreements	6	-
Currency exchange differences	1	-
Net movement of the provision for impairment during the year	(2)	-
Closing balance as of 31 December	**105**	**-**

In December 2022, the Company paid for a related party the amount of EUR 3 million (or equivalent of UAH 100 million at UAH/EUR exchange rate effective on the transactions dates). As a result, the Company recognized receivables to a related party. The balance is non-interest bearing and not secured, the maturity of the receivables is on demand.

In 2022, due to assignment the Company acquired receivables from a related party in the amount nominal amount of UAH 6 million from DTEK TILIGULSKA WEP LLC (as of 31 December 2021: nil). As of 31 December 2022, the management assessed that 12m expected credit losses using the rate 22.17% should be charged on this financial asset in the amount of UAH 2 million (as of 31 December 2021: nil), which was charged to the Company's income statement. The balance is non-interest bearing and not secured. The remaining maturity of the transferred debt is indicated as April 2023

5. Cash and cash equivalents

Amounts of cash and cash equivalents relate to the amounts of cash on bank accounts. As of 31 December 2022 and as of 31 December 2021 cash and cash equivalents were not restricted in use. The bank balances are neither past due nor impaired. As of 31 December 2022, cash and cash equivalents amount to UAH 94 million (as of 31 December 2021: nil).

6. Equity

As of 31 December 2022 and 31 December 2021 the total authorised number of ordinary shares was 1,000 ordinary shares with a par value of EUR 1 per share. The total issued share capital amounts to UAH 33 thousand (EUR 1 thousand) using exchange rate as of establishment date. All issued shares are fully paid. All shares carry one vote.

Movements in equity are as follows:

In millions of Ukrainian Hryvnia	Share capital	Share Premium	Revaluation Reserves	Retained earnings	Result for the year	Total equity
Balance on 31 December 2021	**-**	**15,930**	**299**	**(299)**	**4,353**	**20,283**
Result appropriation	-	-	-	4,353	(4,353)	-
Loss for the period	-	-	-	-	(10,117)	(10,117)
Realized reserve	-	-	(270)	-	-	(270)
Deferred tax	-	-	49	-	-	49
Realized revaluation reserve	-	-	(39)	39	-	-
Deferred tax related to realised revaluation reserve	-	-	8	(8)	-	-
Other movements	-	-	-	-	-	-
Balance on 31 December 2022	**-**	**15,930**	**47**	**4,085**	**(10,117)**	**9,945**

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

6 Equity (continued)

Movements in equity are as follows:

In millions of Ukrainian Hryvnia	Share capital	Share Premium	Revaluation Reserves	Retained earnings	Result for the year	Total equity
Balance on the date of incorporation	**-**	**-**	**-**	**-**	**-**	**-**
Result for the year ended 31 December 2021	-	-	-	-	4,353	4,353
Contribution of shares in the Capital	-	15,930	469	(469)	-	15,930
Realised revaluation reserve	-	-	(207)	207	-	-
Deferred tax related to realised revaluation reserve	-	-	37	(37)	-	-
Balance on 31 December 2021	**-**	**15,930**	**299**	**(299)**	**4,353**	**20,283**

The revaluation reserve is a legal reserve according to art. 2:363.3 DCC. The legal reserves are not distributable to the shareholders until they are transferred to retained earnings.

Difference in equity and profit/loss between the company and consolidated financial statements

As of 31 December 2022, the difference between equity according to the Company balance sheet and equity according to the consolidated balance sheet amounts to UAH 7,413 million. It`s related to the that the Company recognises losses of the subsidiaries only to the extent of net investment in subsidiaries which includes long-term receivables that in substance form part of the net investment in the subsidiary. In the event the net equity value of a subsidiary becomes negative additional losses are not recognised unless there is a probability of cash outflow due to guarantees given to third parties on loan contracts issued by its subsidiaries. The information about guarantees to the subsidiary companies recognized on the balance sheet of the Company are disclosed in Note 7 of the Company's financial statements.

Based on the result appropriation proposal made by the directors, the result for 2022 as a loss of UAH 10,117 million (2021: gain UAH 4,353 million) will be added to the retained earnings.

7. Current trade and other payables

In millions of Ukrainian Hryvnia	31 December 2022	31 December 2021
Current trade and other payables		
Payables under financial guarantee	554	-
Prepayment received from related parties	193	-
Trade and other payables	32	2
Total current trade and other payables	**779**	**2**

All current trade and other payables fall due within one year. Fair value of liabilities approximates their book value (carrying amount).

During 2022 The Company obtained prepayment from DTEK TILIGULSKA WEP LLC in amount of UAH 193 million (or equivalent of EUR 5 million at UAH/EUR exchange rate effective on the transaction dates) under supply contract. The balance is non-interest bearing and not secured. The remaining maturity of the debt is indicated as April 2023 As at 31 December 2022, the Company expected this prepayment to be returned to the buyer.

As disclosed in Note 3 to the Consolidated financial statements, as of 31 December 2022, some of the Company investees were in the default. Since the Company is a guarantor under the loan agreements of its subsidiary the Company recognized liability of the guaranties. As of 31 December 2022, the guarantee was recognized in the whole nominal amount of loans and interest accrued, which at the end of the year were due on demand, and amounted UAH 554 million. The guarantee is interest free and was recognized regarding to the borrowings of investee with effective interest rates of 8.3%. Fair value of recognized payables under financial guarantee approximates their book value. The borrower of the Green bonds was in compliance with covenants as of 31 December 2022 and currently continues to be in compliance. In September 2022 the bondholders agreed to waive certain events of default on the Green bonds while martial law is in effect in Ukraine and expiring on the second interest payment date to fall after the date on which martial law shall cease to be in effect. Additionally, the bondholders waived default that may occur as a result of acceleration or non-payment under any bank and non-bank borrowings related to the Company investee unless the borrowers is unable to pay any due amount of principal or interest on the Green bonds. As of the date of these financial statements martial law was in effect until 19 February 2023 with covering of any events of default by agreed waiver until November 2023. In February 2023, martial law was prolonged till 20 May 2023, and in May 2023 till 18 August 2023, that extended waiver for any events of default until May 2024. The management expects that martial law regime will be extended until deoccupation of the Group's plant or any other positive changes with military situation and estimated the guarantee under the Green bonds in the amount close to nil.

Fair value of recognized payables under financial guarantee approximates their book value.

8. Commitments and contingencies not included in the balance sheet

Off balance sheet commitments of the Company are primarily related to the guarantees given to the lenders for debt obtained by its subsidiaries (Note 17 to the Consolidated financial statements). Part of guarantees given to the lenders are already recorded on Balance sheet of the Company and described in Note 7 to the Company's financial statements.

The Company is subject to corporation tax on taxable profits at the rate of 15% for profits up to EUR 395 thousand and at the rate of 25,8% for profits exceeding EUR 395 thousand per annum.

For Current Income Tax (CIT) purposes the Company is part of the fiscal unity together with other Dutch DTEK Group entities, which is headed by DTEK GROUP B.V. Under the standard conditions, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity. Based on the principles of the fiscal unity, the Company accrues CIT to DTEK GROUP B.V. DTEK GROUP B.V. settles, based on the outcome of the fiscal consolidation, the CIT with the tax authorities, taking into account an allocation of the benefits of the fiscal unity to its members; as such CIT assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities by the fiscal unity as a whole.

No current income tax is recognized in the DTEK RENEWABLES B.V. financial statements as of 31 December 2022, as the Company is in a loss-making position for the year 2022. Until the date of these financial statements were authorized for issuance the Company has not received any formal correspondence claiming CIT payable to be settled directly by the Company to the tax authorities.

The Company's current income tax expense is UAH nil million for 2022 (2021: nil). Deferred income tax expense for the Company is nil million for 2022 and 2021. Based on the estimated tax result for the year ended 31 December 2022, the Company's receivable (i.e. a corporate profit tax liability of the fiscal unity that is allocated to the Company) amounts to UAH 5 million (EUR 127 thousands) to the head of the fiscal unity, which is accounted by the Company as a contingent asset. The tax declaration will be filed by the head of the fiscal unity.

For value added tax purposes the Company is part of the fiscal unity together with other Dutch DTEK Group entities, which is headed by DTEK GROUP B.V., under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the value added tax group.

9. Independent auditor`s renumeration

Please refer to Note 21 of the Notes to the Consolidated financial statements.

10. Average number of employees

During the year ended 31 December 2022, the average number of employees, based on full time equivalents, was nil (2021: nil).

11. Directors' remuneration

During 2022, the remuneration of the directors was UAH 7 million (2021: UAH nil million).

12. Subsequent events

Please refer to Note 29 of the Notes to the Consolidated financial statements.

Signed by entire Management Board,
26 May 2023

Mr. Oleksandr Kucherenko, Director

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Mr. Oleksandr Selyshchev, Chairman

____

SCM MANAGEMENT B.V., Director

Ms. Nataliya Muktan ____________________________

Ms. Eliza Desiree den Aantrekker_________________

Approved for issue and signed by entire
Supervisory Board, 27 May 2023

Mr. Maksym Timchenko _________________

Mr. Oleksiy Povolotskiy __________________

Ms. Iryna Mykh ________________________

Mr. Dmytro Sakharuk ____________________

Mr. Pavlo Livertovskyi ___________________

Other information

Articles of association governing profit appropriation

The articles of association stipulate, in accordance with article 23, that the annual profit obtained is at the free disposal of the General meeting

Independent auditor's report

To: the general meeting and the supervisory board of DTEK RENEWABLES B.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of DTEK RENEWABLES B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of DTEK RENEWABLES B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of DTEK RENEWABLES B.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022;
- the following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company only balance sheet as at 31 December 2022;
- the company only income statement for the year then ended; and
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of DTEK RENEWABLES B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Material uncertainty related to going concern

We draw attention to the section 'Going concern' included in Note 3 to the consolidated financial statements, which indicates that since 24 February 2022 the Group's and the Company's operations and cash flows are significantly affected by the ongoing military actions in Ukraine, causing a default on the Group's borrowings, foreign currency control restrictions and the need for debt restructuring. The magnitude of further developments or the timing of cessation of those military actions and release of foreign currency control restrictions are uncertain. The Group and the Company depend on their ability to negotiate with their lenders both the deferral of any immediate debt repayment due and the restructuring of these debts to fit the timing of expected future operating cash flows. These conditions, along with the other matters as set forth in section 'Going concern' included in Note 3 indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We refer to section 'Audit approach going concern' for further information on our audit procedures regarding the going concern assumption.

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of DTEK RENEWABLES B.V. and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section *Fraud risks* of the management report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as the internal audit department and legal affairs and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	***Our audit work and observations***
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. • Tendencies in judgements and conclusions with respect to estimates. • Significant transactions, if any, outside the normal course of business for the Company.	We have, to the extent relevant to our audit, evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed our audit procedures through primarily substantive procedures. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, amongst others, inspection of the entries to source documentation. We also paid particular attention to consolidation and elimination entries, focusing on testing entries that affect revenue and results in the relevant year. We did not identify any significant transactions outside the normal course of business except for significant impairments of non-current assets resulted from the war and the Group reorganisation. We also performed specific audit procedures related to important estimates of management, including impairment assessment of property, plant and equipment, assessment of financial component in revenue, assessment of impairment provision for trade and other receivables.

Identified fraud risks	*Our audit work and observations*
	In our assessment, we specifically paid attention to the inherent risk of bias of management in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
The risk of fraudulent financial reporting due to financial component in the revenue As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition. We concluded that criteria risk of fraud in revenue recognition at nominal value could be rebutted. Risk of fraud in financial component recognition is considered to be significant, as a financial component adjustment requires significant management judgements, complex calculation process and its amount is significant for the financial statements. We defined valuation and accuracy assertion as those having significant risk for financial component of revenue.	Where relevant to our audit, we evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to revenue reporting. No significant deficiencies in the internal control system were identified. We performed our audit procedures based on substantive procedures. We assessed methodology used for financial component calculation, tested, on a sample basis, the input data, assessed discount rate verified mathematical accuracy of calculation. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the financial component recognition.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

In the section 'Going concern' included in Note 3 of the consolidated financial statements, management disclosed conditions that indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

In order to evaluate the appropriateness of management’s use of the going-concern basis of accounting, including management’s expectation that their plans sufficiently address the identified going concern risk and the adequacy of the related disclosures, we with support of risk management specialists amongst others, performed the following procedures.

Based on our knowledge obtained regarding the Company, its environment and current financial situation, we assessed whether the information obtained regarding events or conditions that may result in going-concern risks has been included in management’s assessment. We have taken into account external information such as the development of the war in Ukraine and its impact on the sales, level of settlements from Guaranteed Buyer SE, read the terms of loan agreements and bonds documentation and determined whether any have been breaches of covenants and read relevant communication with lenders. In addition, we have inquired of management as to their knowledge of going-concern risks beyond the period of management’s assessment.

Regarding the assumptions underlying management’s plans and cash flow forecasts, we:
- used external information such as level of settlement from Guaranteed Buyer SE to consider whether there is adequate support for those assumptions;
- evaluated the consistency of these assumptions with assumptions made by management in other significant estimates such as property, plant and equipment impairment assessment and accounts receivable recoverability assessment.

Regarding management’s plans and cash flow forecast we:
- evaluated whether the scenarios applied in management’s sensitivity analysis regarding the expected outcome of management’s plans were acceptable;
- evaluated whether management can realise their plans timely in particular if the level of settlement from Guaranteed Buyer SE will be lower than current expectations;
- assessed whether the expected outcome of management’s plans has been adequately included in management’s cash flow forecast;
- evaluated the consistency of management’s business plan, the aforementioned plans and cash flow forecast;
- evaluated the sufficiency of the liquidity headroom as included in the forecast, specifically with regard to management's worst-case scenario when the level of settlement from Guaranteed Buyer SE is expected to be at the level lower than 87%;
- evaluated, whether creditors will demand accelerated payments or not and will be ready to agree to restructure debts to fit the operating cash flows;
- evaluated, where necessary, whether financing of expected shortages in liquidity will be sufficient based on inspection of underlying documents for at least twelve months from the date of preparation of the financial statements.

To consider whether any additional facts or information have become available that may be relevant for the identified going concern risks, including management’s expectation on the sufficiency of management’s plans to mitigate the identified risks, we:
- read minutes of the meetings of shareholders, supervisory board, and management board for reference to financing difficulties;
- inquired of management, legal advisors;
- analysed and discussed the Company’s latest available interim financial statements and reconciled these with the underlying accounting records.

We evaluated whether the going-concern risks including management's plans to address the identified risks and the most significant underlying assumptions have been sufficiently described in the notes to the financial statements. We found the disclosure in section 'Going Concern' included in Note 3 of the financial statements, where management disclosed conditions that indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, to be adequate.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 27 May 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.F. Westerman RA

Appendix to our auditor's report on the financial statements 2022 of DTEK RENEWABLES B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.